The NATIONAL UNDERWRITER

62nd Year, No. 1 — *The National Weekly Newspaper of Fire and Casualty Insurance* — Jan. 3, 1953

Regulation Effecting Attrition Of Fire And Casualty Business

By KENNETH O. FORCE

Events of recent months, in and out of the insurance business, have prompted significant questions about the regulation of economic facilities by agencies, commissions and authorities of the government. These events and the shadows they cast ahead of them prompt the query of whether this isn't a good time for the businesses and industries involved, the governmental agencies, and legislators to reexamine the basic purposes and functions of such governmental arms—to determine if the purposes are proper and the functioning is adequate to the purposes.

Railroads face conditions that already border on the disastrous. Two of the largest systems are advocating merger as a means of relief. One line is abandoning a famous passenger service. The public service commission of New York has been sued by one railroad which asked for a 33⅓% increase in fares and got 15%.

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A group of investment bankers has termed the policies of Civil Aeronautics Board financially crippling to the airlines and predicted that unless the regulatory authority of CAB is changed, airlines will have to return to the status of taxpayer subsidization.

The insurers, with a predicted loss of $1 billion in surplus for 1957, face increasing difficulty in getting rate increases, though some commissioners are sympathetic, even alarmed, at their plight.

In railroading the slow attrition of the economic well being of a great industry is quite obvious. In the fire and casualty insurance business where almost all rates are closely regulated, the inability of the business as a whole to grow, expand and deliver what a growing, expanding and increasingly complicated economy and society need can be judged by (1) the export of fire and casualty premiums to buy what cannot be purchased in this country, and by (2) comparison with a healthy, energetic, well-managed life insurance business, whose rates are almost all unregulated. The aviation business is young in its bid to stand on its own feet and take proper advantage of the opportunities the economy has made available to it.

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Note that there are here: (1) An industry regulated dually by both state and federal governments; (2) a business regulated almost exclusively by the states, and (3) a business regulated almost exclusively by the federal government. All three face the same problem—slow attrition.

Is this due to government regulation or poor management?

There are elements of both in it. But the consistent imposition of a discounted rate (or fare), repeatedly and over the years, when the business or industry needs more money, constitutes management by inversion exerted by government bureaus.

This forces those responsible for management in these fields (but not in steel, labor, hospitals, and jury awards) to compromise for less than they are willing, capable and ready to do. Management is unable to do those things that its experience and judgment say must be done to meet current conditions and sound, long term necessities. The growth of the business is stunted, its manpower cheapened.

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No further proof of this is needed than the contrast in salaries paid in fire and casualty—for all but perhaps the least skilled clerk—with the salaries paid in life insurance. The latter frequently are 50% higher than in fire and casualty for comparable positions. One property insurer which entered the life business in recent times had to segregate the life operation to prevent the fire and casualty people from finding out how much the life people are paid.

In times of difficulty, the tendency—a natural one—is for both of those responsible for the welfare of the business, commissioners and insurer management, to point to weaknesses in the other. There are weaknesses in both, but they were there before the premiums on the automobile policy reached, say $75, where the pressure for insurance departments to disapprove or discount rate increases becomes difficult to resist.

The insurance department (or the ICC, PUC, CAB, FTC) likely would agree that its function is not a management one, that it is there to guard the interests of the public. The legislators did not give it management power, and certainly insurer management does not want it to assume such authority. Yet the practices of insurers for which management is responsible constantly are being called into question by departments in negotiating over rate filings.

In logic it might be better if management responsibility were imposed on the regulatory authority. Then at least that authority would have some positive responsibility for the welfare of the business it is regulating. For its actions shape managment decisions at many a turn—and not always necessarily for the better. Thus the regulatory authority does not assume responsibility for management, but in exerting its authority, authority at

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No More Five-Year Term In California

Pacific Fire Rating Bureau has notified members that five year policies cannot be written in California after Jan. 1 unless applications were accepted by the insurer before that date, and cannot be written after March 1 regardless of when the application was accepted.

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Insurance Men In Lead Roles Of Toastmasters Club At Freeport, Ill.

The newly organized Toastmasters Club at Freeport, Ill., has 15 insurance men in its charter membership, three of them officers. The president is Robert R. Burridge of Crum & Forster, and secretary is James R. Washam of Crum & Forster and the sergeant-at-arms is Robert E. Jones of Crum & Forster. The club will receive its charter officially Feb. 19 when Ralph Smedley, founder of Toastmasters International, will make the presentation.

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ANNOUNCEMENT

Beginning with this issue, "The National Underwriter" is being published without a cover. This change makes "The National Underwriter" appear to be just what it is—a weekly newspaper, not a magazine.

It will be noticed, too, that the paper is now enclosed in a mailing wrapper marked "Newspaper." This will insure more prompt delivery.

—The Editors

Another Insurance Storm Brews In Texas

The Texas senate is in the midst of another insurance investigation, ostensibly to find out about a $2,000 gift from a life company president to an insurance department employe, but more to the point to carry on the running political gun-fight for which the insurance business has served as a target for better than two years.

Commissioner William A. Harrison, whose appointment was rejected by the senate but confirmed by a special ruling of the attorney-general, is in the hot seat in the latest controversy. He fired a department employe, J. W. Pierson, for accepting $2,000 from John L. McCarty, president of Estate Life of Amarillo. After firing Mr. Pierson, Mr. Harrison said Mr. McCarty would have to quit as president of Estate Life or the company would lose its license. Mr. McCarty resigned effective Dec. 23 and was succeeded by Dr. Lee Johnson, who was secretary.

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Sen. Charles Herring, chairman of the investigating committee, said his group was holding its hearings "just to look around and see what we can find." Mr. Harrison charged the committee attempted to cast Mr. McCarty "in a hero's role." He said Mr. McCarty made a false financial statement of the condition of Estate Life, using this as the basis on which the transfer of $11½ million in policies was made

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Navarre Calls For New Body To Study Better Regulation

University Teachers Elect Beadles At Philadelphia Annual

By JOHN B. LAWRENCE Jr.

PHILADELPHIA—"Insurance regulation institutes" might well be set up on a state or zone level to undertake many important tasks leading to the perfection of functions and procedures involved in the state regulation of insurance, Joseph A. Navarre, commissioner of Michigan and president of National Assn. of Insurance Commissioners, suggested in an address to the annual meeting of American Assn. of University Teachers of Insurance here.

Study and analysis of purposes and objectives tends to perfect functional procedures, Mr. Navarre pointed out. Under the U. S. system of state regulation, the checks and balances developed in a state-by-state basis could be made more efficient and effective. In areas where uniformity is desirable, methods of administration could be reviewed or analyzed for use on a nationwide basis.

The character of the responsibilities charged to the state insurance regulatory agency necessarily results in individual interpretations in many areas.

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The work of NAIC has been a valuable balancing force in the supervision and regulation of insurance. Its activities would be implemented and improved effectively through the organization of insurance regulation institutes at the zone level, Mr. Navarre said.

The development of programs and the preparation of studies could be aided by the insurance teachers' association and other interested organizations. Because of the specialized training necessary in various aspects of insurance regulation, coordination by colleges of law, business, mathematics and the like would be desirable. American Bar Assn. might undertake an analysis of state law, while its insurance section, in conjunction with

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OFFICERS ELECTED

President—William T. Beadles, Illinois Wesleyan University.

1st vice-president—Dan M. McGill, University of Pennsylvania.

2nd vice-president and program chairman—J. Edward Hedges, University of Indiana.

Secretary-treasurer—Kenneth W. Herrick, University of Connecticut (reelected).

Executive committee—Robert I. Mehr, University of Illinois, and Robert Steiglitz, assistant vice-president of New York Life.

Editor—John S. Bickley, Ohio State University (reappointed).

Welfare-Fund Code Of Ethical Practice Promulgated By N. Y. As Moral Suasion

NEW YORK—The welfare-fund code of ethical practices adopted by National Assn. of Insurance Commissioners at its recent meeting has been promulgated by the New York department as "a declaration of applicable principles in the proper conduct of insuring benefits of welfare and pension funds," according to the department's announcement.

The code is intended to serve as a complement to the state insurance law. However, there are no penalties for its violation. The code does not have the status of a departmental regulation. The hope is that the existence of a set of standards will have a deterring influence on those who might want to go beyond the limits spelled out in the code. Anyone violating it could be called on the department carpet to be asked the reasons for the violation.

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As much as anything, the code is supposed to work by keeping insurers from being subjected to demands from racketeering elements interested only in getting top commissions so as to split them with their underworld associates. This sort of shopping around for the highest commissions made it necessary for insurers in many instances to accede to demands or lose the business.

The preamble to the code makes it clear that only a small part of the insured welfare and pension plans have been tainted with racketeering. Moreover, it states that only a part of the abuses that have occurred in the field of union-management welfare and pension funds have related to insurance associated with those funds, and that NAIC "stresses its belief that parallel action should be taken to correct abuses other than those relating to insurance" but that because the NAIC responsibility in general relates only to insurance the code is confined to that area.

"Furthermore, (the preamble states), it must be realized that the cases of abuse which have occurred in the insurance area have, with very few exceptions, come about through the activities of persons whose primary interests are outside the insurance business, and who have wrongfully twisted the traditional insurance mechanisms to their own purposes. The basic purpose of this code is to prevent a recurrence of these insurance abuses, fortunately infrequent, through means which do not impair the normal operations of the insurance business as developed over many years."

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Section 1 calls for prompt, non-discriminatory payment of benefits, periodic audits of benefit payments, the audits being available to trustees of the fund.

Section 2 recognizes the propriety of fees and commissions to producers but warns that these should be "reasonable and not excessive." This section also defines commissions, fees and allowances, insurer, welfare fund, and pension fund. It sets forth a decremental commission scale as being "generally accepted" for the indicated premium volume, first-year and renewal being averaged over a 10-year commission-paying period: Up to $20,000 a year annual premium volume, from 3.2% to 4.1%; $80,000 volume, 3.0% to 3.7%; $50,000, 2.6% to 3.2%; $100,000, 1.7% to 2.3%; $150,000, 1.3% to 2.0%; $250,000, .8% to 1.8%; $500,000, .5% to 1.2%; $1 million, .3% to .8%; $2.5 million, .2 to .5%; $5 million, .1% to .4%.

The code states that on an annual premium volume of less than $20,000 the range of effective commission rates would be somewhat higher than the largest indicated above and on an annual premium volume of more than $5 million the effective commission rates should be somewhat less than the lowest indicated above.

"The particular commission scale paid should not be taken as the sole indication of the ultimate net cost of insurance to the buyer, since such cost is affected by many factors, only one of which is the insurer's acquisition expense," the code notes. "Acquisition expense itself includes fac-

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R. J. McDermott Is Advanced In West By National Fire

R. J. McDermott, agency superintendent, has been promoted to assistant manager in the western department at Chicago of National Fire. He has been with the National since 1926 as assistant examiner and examiner and in 1956 was advanced to underwriting superintendent. In February of 1957 he was promoted to agency superintendent.

R. J. McDermott

Put Clamps On Credit Coverages In Texas

AUSTIN—Drastic reductions in rates for credit life and credit A&S insurance, along with stringent regulations limiting policy amounts, were announced last week by the Texas department to become effective March 1.

The estimated reduction in premiums and interest for small borrowers amounts to $8 million, or approximately 50%. The credit insurance rules are applicable only on loans not exceeding $1,000, restricting the policy limits to the amount of the loan. Under current rules credit life could be written for 175% of the loan and credit A&H for 300% of the loan.

Under the order the maximum rate for level life is set at $1.40 a year for each $100 of insurance, with the present maxium being $2, and the maximum rate for reducing life is set at $1.

Other major provisions are: Setting a maximum commission of 40% as compared with the current state average of 54% for credit life and 62% for credit A&H; abolition of the 25 cent fee for writing policies, and delivery of a complete policy to each insured.

Barker Succeeds Cox As Chairman Of Appleton & Cox

Owen E. Barker, president of Appleton & Cox since 1954, has been named chairman, succeeding D. Farley Cox Jr., who relinquishes that post, but will continue as a director and member of the executive committee. Mr. Barker continues as president.

Appleton & Cox also has appointed William E. Myers vice-president, and three assistant vice-presidents—William F. Jones, Robert E. Wagner, and William H. Tornow. Mr. Myers manages the inland marine department, Mr. Jones automobile, Mr. Wagner fire, and Mr. Tornow ocean marine.

List Speakers For Disneyland Parley Of North America

Dr. Paul Dudley White, President Eisenhower's heart specialist, and Mrs. Robert I. C. Trout, president of General Federation of Women's Clubs, will be featured speakers at a conference on family security at Disneyland, Cal., Jan 9-13, sponsored by North America. Frank Blair, NBC-TV news commentator; Charles W. D. Hansen, director of marketing of *Life* magazine, Walt Disney, and Commissioner F. Britton McConnell of California will also appear on the program. Each will discuss aspects of American family life in 1958 and trends of the future.

A cross section of local agents and their families will attend the conference and participate in a panel discussion Jan. 11 on the role of insurance in strengthening family security.

Fireman's Fund Elects Three Vice-Presidents

James B. MacKay, Woodward Melone and Thomas E. Sims, resident vice-presidents of Fireman's Fund, have been elected vice-presidents of the company.

J. B. MacKay

Mr. McKay will relinquish his post as manager of the New England department at Boston to assume special executive assignments. His successor is Vernon T. Meador, who has been marine manager in Boston, and the new head of the marine unit there is Scovel M. Carlson.

Messrs. Melone and Sims will continue in their present assignments, Mr. Melone as manager of the Pacific department, and Mr. Sims as southern department manager at Atlanta.

Woodward Melone

Thomas E. Sims

Crum & Forster Changes Managers In West And South

Ward S. Jackson, vice-president in charge of Crum & Forster at San Francisco, has retired under the company's pension plan after 47 years of service. He is succeeded as Pacific coast manager by Edward W. Church.

H. Faison Hines

H. Faison Hines, vice-president and manager of the southern department at Atlanta, has retired and is succeeded as manager by Albert L. Sears.

Mr. Jackson joined Crum & Forster at San Francisco in 1911. He became manager of the department in 1924, succeeding Harold Junker, who transferred to the head office in New York and became president of the companies. Mr. Jackson pioneered many innovations in fire and allied lines.

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Mr. Church has been with Crum & Forster all his business life. He started in the New York office in 1923 and transferred to the Pacific coast in 1937 where he has been active in the group's operations since.

Mr. Church will be assisted by Russell E. Channing, Dennis N. Corwin, Maynard A. Kimmey and Daniel W. King, who have been appointed assistant managers.

Mr. Hines has been with Crum & Forster more than 38 years. His insurance career started in 1905, and he joined Crum & Forster as a field man in Texas in 1919.

In 1921, Mr. Hines and his brother, J. Harrison Hines, founded the Crum & Forster Texas department in McKinney. A few years later, when Crum & Forster established its southern department in Atlanta, the two brothers became joint managers. During the years that they supervised southern department operations, the companies of the group enjoyed excellent results. J. Harrison Hines retired in 1955.

H. Faison Hines was active in Southeastern Underwriters Assn. and, in addition to being a member of the executive committee for 10 years, served two terms as its president. He also served on the governing committee of a number of other underwriting organizations.

Mr. Sears began his insurance career with Crum & Forster in Texas in 1921 and has been associated with the Hines brothers over the years.

C. R. Nichols, J. M. Leake and J. H. Green become assistant managers. Mr. Leake has been in charge of casualty operations in the south since the group started writing multiple lines about six years ago.

General Accident Names Soncini Superintendent

General Accident has appointed John J. Soncini superintendent of payroll audit succeeding John M. Tietz, who is retiring at year end after more than 37 years with the companies.

THE NATIONAL UNDERWRITER, Published weekly by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. 62nd year, No 1, Friday, January 3, 1958, $7.50 per year (3 years, $20); Canada $8.50 per year (3 years, $23); Foreign $9 per year (3 years, $24.50). 30 cents per copy. Entered as second-class matter April 15, 1931 at the post office at Chicago, Ill., under Act of March 31, 1879.

WIIS Annual Meeting Stresses PR Needs Of Casualty Business

Western Insurance Information Service elected W. Russell Langtry, United Pacific, as president at the annual meeting in Los Angeles. Other officers chosen are: Vernon C. Dargan, Gulf, vice-president; John T. Gursah, Meritplan, secretary-treasurer; and W. J. Braddock, Farmers Exchange, chairman of the executive committee.

In his annual report, out-going president Raymond L. Ellis, Fireman's Fund, cited the progress WIIS has made in reaching large numbers of people, especially the opinion moulders, thereby improving public attitudes towards the business. The upward swing of rates and awards, he said, can be controlled ultimately only by an effective public relations effort for accident prevention and for public awareness of the casualty industry's plight. As evidence of WIIS progress, he noted that in the past five years speakers have made 839 talks before more than 150,000 people. More than a million leaflets, pamphlets, booklets and reprints has been distributed in that period, he stated. WIIS also increased contacts with schools and civic groups, such as the lecture series held at Long Beach City College and the public relations course at the University of Washington.

In a talk following his election as president, Mr. Langtry praised the work of WIIS, stressing the critical situation in the casualty industry and the need for a continuous program aiming to reduce losses and accidents and gain better public support.

Stadel, Secretary Of Oregon Assn., To Retire In March

The resignation of E. M. Stadel, effective March 28 as executive secretary of Oregon Assn. of Insurance Agents, was accepted by the executive committee at its quarterly meeting in Portland.

Mr. Stadel, who is retiring after 17 years as executive secretary, will continue to serve in an advisory capacity. He will be succeeded by Alan Tebb, assistant to Mr. Stadel since 1954.

In other business, the committee endorsed the $2 million advertising drive of the National association and appointed Robert T. Rankin, Portland, and Kenneth H. Martin, Grants Pass, as co-chairmen of the Oregon association's campaign to reach its quota of $32 000.

The association's policy-making body also adopted a resolution urging automobile insurers to include uninsured motorist coverage in the basic auto policy. The resolution asked adjustment of BI rates to cover the anticipated costs.

Hartford Fire Names Dow, Grigsby To Head New SW Department

Hartford Fire has appointed Paul A. Dow manager and Lewis E. Grigsby assistant manager of the new southwestern department the company will open in Dallas March 1. The office will temporarily occupy the top floor of the First National Motor Bank building and from it operations of the fire companies will be supervised in Louisiana and Texas. George H. Beach continues as manager of the Hartford Accident Dallas branch.

Later the southwestern department will be moved into permanent quarters to be constructed in Dallas, and will supervise operations in six surrounding states.

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Mr. Dow entered insurance with Hartford Fire in Chicago, and later served as special agent in Tennessee. He went with Hartford Accident in 1924 and subsequently became branch manager at Louisville, Cincinnati and Kansas City, from which latter post he will assume his new duties in Dallas. He comes from a prominent insurance family. His father was a field man in the midwest and his brothers now serve in company and agency positions.

Mr. Grigsby joined Hartford Fire in 1924, after entering the business with a local agency, which he bought into at Blandinsville, Ill., in 1922. Active in farm underwriting and production, he has been assistant manager of the western department at Chicago since 1941. He has been handling the recording end of the business in Illinois, Kansas, and Oklahoma, and also Nebraska up until about five years ago when he relinquished that state. A member of Western Underwriters Assn., he has served as chairman of both the loss and public relations committees.

E. B. Heffran Retires After Long Service In Ill. Field

E. B. Heffran, northern Illinois state agent of Springfield F.&M., retired Jan. 1 after 18 years with the company. Before going with Springfield, Mr. Heffran was with American of Newark.

His successor in Illinois is Charles J. Massaro, who has been associated with Mr. Heffran since August, before which he was an underwriter at Chicago for many years and special agent in Minnesota for five years.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, Dec. 31, 1957

	Bid	Asked
Aetna Casualty	124	127
Aetna Fire	47¼	48¼
Aetna Life	181	185
Agricultural	22¾	23¾
American Equitable	25½	23½
American (N. J.)	19¾	20½
American Motorists	9¼	10
American Surety	13	14
Boston	27½	28½
Camden Fire	24¼	25
Continental Casualty	72¼	73¼
Crum & Forster com.	47	48½
Federal	38	39
Fire Association	32	33
Fireman's Fund	44	45½
Firemen's (N. J.)	36	Bid
General Reinsurance	47	48
Glens Falls	24¾	25¾
Globe & Republic	15¼	16
Great American Fire	30	31
Hartford Fire	127	129
Hanover Fire	29¾	30¾
Home (N. Y.)	34¼	35¼
Ins. Co. of No. America	91	93
Maryland Casualty	28½	29½
Mass. Bonding	23	29
National Fire	63	66
National Union	27¼	28
New Amsterdam Cas.	37	33
New Hampshire	35	36
North River	31¾	32¾
Ohio Casualty	18	19½
Phoenix Conn.	54	55
Prov. Wash.	12½	13
St. Paul F.&M.	43¾	44¾
Security, Conn.	21½	22
Springfield F.&M.	36¼	37¼
Standard Accident	42¾	43¾
Travelers	71¼	72¼
U.S F.&G.	55½	56½
U. S. Fire	22	23

Traffic Deaths Down 2% In 1st 11 Months

Traffic deaths for the first 11 months of 1957 numbered 34,880, the National Safety Council reported. This was 2% below the toll of 35,770 for the same period last year and represented a saving of almost 900 lives.

Projecting its figures through December, the council estimates the traffic death toll for 1957 will be somewhere between 33,600 and 38,800. This would mean a saving of at least 800 lives on the highway this year.

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Furthermore, the council said, the mileage death rate (deaths per 100,000,000 vehicle miles) for the first nine months of 1957 was the lowest on record for a comparable period—5.7 as against 6.1 for the same period last year. The rate of 5.7 was the result of a 5% increase in travel for the nine months and a 2% drop in traffic deaths for the same period.

The traffic death toll in November was 3,530, a 2% drop from the 3,603 for November the year before.

"The traffic accident picture is definitely encouraging," said the council. "The low mileage death rate reflects improved behavior by the man behind the wheel and increased effort by traffic enforcement agencies and public officials on all governmental levels."

Of 47 states reporting for November, 25 had fewer deaths than last November, 21 showed increases and one reported no change.

Southern General Adds To Funds

Stockholders of Southern General of Atlanta have voted to amend the charter to reduce the par value of the stock from $5 per share to $1 and at the same time increase capitalization by 143,630 shares. The plan has been approved by Commissioner Cravey.

The additional shares have already been sold to present stockholders at a price of $2.75 per share, with $1 being credited to capital and $1.75 to surplus. These additional funds, amounting to $1 219 982, will be used to retire $720 - 000 of guaranty fund notes, with the balance going to surplus.

The resignations are announced of Harold Fearon and E. G. Hitt Jr. from Southern General. Mr. Fearon returns to his agency, Georgia Insurance Service Inc., of which he has retained the presidency and which he left on a temporary basis three years ago to assist Southern General with certain internal problems. Mr. Hitt has purchased an interest in the agency and joins Mr. Fearon as vice-president and director.

Insurer Loses Close Drive Other Cars And Medical Payments Case

U. S. district court for eastern Kentucky recently considered some close questions of automobile drive other cars liability and medical payments insurance in relation to rented automobiles in Hancock vs Western Casualty. The case is reported in 12 CCH (Auto 2nd) 1014.

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Hancock, the insured, owned two automobiles, both insured in Western Casualty, but under separate policies. The Hancock family went to Florida for a vacation, taking their children and three servants. They took one automobile with them and rented a station wagon from a rental agency. The station wagon was used almost exclusively by the servants in driving the children to school and other household duties. One evening, because of a combination of circumstances, the Hancocks' own automobile was not available and they drove to a party in the rented station wagon. An accident occured in which Mr. and Mrs. Hancock and Lee, a passenger in another automobile, were injured.

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The rented automobile was insured by Continental Casualty against liability, with no medical payments coverage, and with a provision that it was excess over any other valid and collectible insurance. Western Casualty's policies contained the usual provision that any coverage under the drive other cars feature was excess over other insurance and also provided—under language which was standard prior to 1955—that the drive other cars feature did not apply "to any automobile owned by, hired as part of a frequent use of hired automobiles by, or furnished for regular use to the named insured or a member of his household other than a private chauffeur or domestic servant." Western Casualty denied coverage on the basis of this exclusion.

Lee sued Hancock and the rental agency. With the consent of Continental Casualty, this was settled for $2,500, Continental Casualty paying under a loan agreement pending determination of the coverage of the two insurers. The suit by Hancock against Western Casualty thus involved two questions: Whether Western Casualty was obliged to pro rate the liability settlement with Continental Casualty and whether Mr. and Mrs. Hancock were entitled to medical payments recovery from Western Casualty.

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Judge Ford pointed out his opinion that it is settled law that where two or more policies, as in this case, contain an excess clause, these clauses are cancelled and the insurers pro rate. The case thus turned upon the interpretation of the drive other cars exclusion, to determine whether Western Casualty was obligated to provide any coverage. Since it apparently was admitted that the rented automobile was furnished for regular use to the servants, rather than to Mr. and Mrs. Hancock, this portion of the exclusion was not raised. It was brought out at the trial that Hancock had driven the rented station wagon only once prior to the accident. Western Casualty based its defense on the exclusion of "frequent use of hired automobiles," since the automobile was obviously available for his use any time he so desired and some older cases involving the "regular use" exclusion had held that availability is the test. The court, however, held that this part of the exclusion referred specifically to "frequent" use and that the Hancocks' use of the automobile was not frequent. The two insurers had agreed to divide the liability settlement equally, if Western Casualty were held to provide coverage, so Western Casualty was held for $1,250 of the settlement with Lee.

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Since the exclusion considered here was dropped from the basic automobile policy in 1955 and has never been in the family automobile policy, much of this decision is now academic. There is considerable interest, however, in the medical payments side of the case. Each of Western Casualty's policies had a $2,000 medical payments limit per person and it was agreed that both Mr. and Mrs. Hancock incurred medical expenses of more than $4,000. Western Casualty had stipulated that, if it were liable at all, the sum of the medical payments limits of both policies would be available to each injured person, so the medical payments award was $4,000 to each of the Hancocks.

N. Y. Hospital Pays $200,000 Injury Claim

Midtown hospital in New York City and its insurer, Indemnity of North America, have settled a claim against it for $200,000. The claim was a tort action by the estate of John J. Canfield, 33, who was the father of nine children. He died Aug. 22, 1957, after receiving several blood transfusions. It was claimed that one of these transfusions, was of the wrong type.

Bronx Surrogate McGrath, in approving the settlement, said it was one of the largest ever made, and he commended the insurer for the speed with which it settled the action. Mr. Canfield was with MacFadden publications and earned $15,000 a year.

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Memphis Surety Men Elect

At the December meeting of Surety Assn. of Memphis, George Wesson, Fireman's Fund, was elected president; Marvin L. Demuth, Fidelity & Deposit, vice-president; and George Martin, Maryland Casualty, secretary-treasurer.

Dimond Retires At F.&C., McElroy Is Successor

Herbert F. Dimond, secretary of Fidelity & Casualty in charge of the New York City claims department, has retired, and Frederck A. McElroy, supervising attorney, will assume his duties.

Mr. Dimond has been with Fidelity & Casualty since 1931. He began his business career as a law secretary and joined New York State Industrial Board in 1916. He entered insurance in 1921 with Globe Indemnity. In 1955 he became secretary of F.&C.

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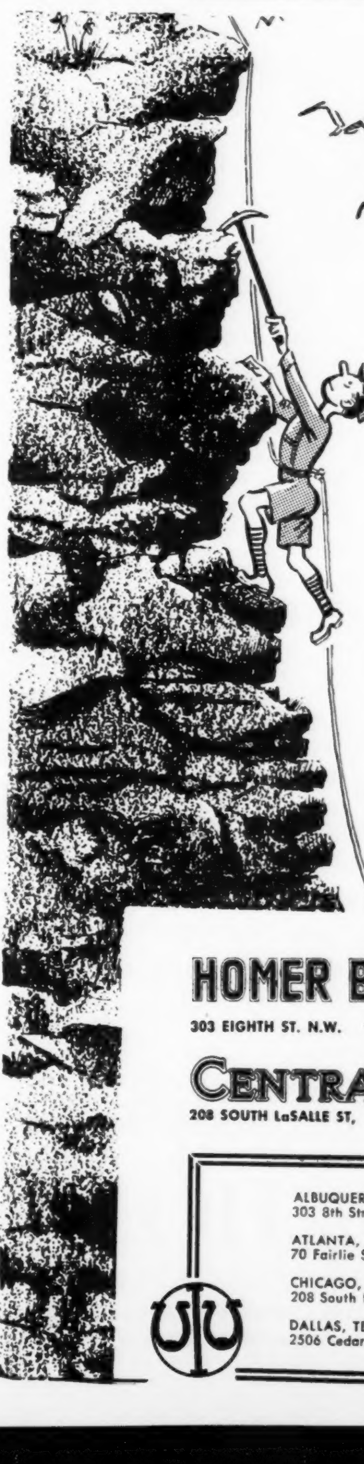
Mr. McElroy began his insurance career as a claims adjuster for Globe Indemnity at Boston in 1925. From 1929 to 1933 he was New England claims manager of General Accident. He joined F.&C. in 1933 as manager of the Boston claims department, became regional supervisor at the home office in 1949, in 1953 assumed additionally the post of assistant supervising attorney and became supervising attorney, home office claims department.



More Modification Of Auto Commission

NEW YORK—Many auto insurers have modified or are planning to modify their commission scales for auto BI and PDL in New York state, which now has compulsory and where recently the department turned down a filing for a 9.5% increase in these rates. A few companies that already have modified commissions now are planning to do so further.

Home Indemnity now has notified its producers that effective Feb. 1 its commissions to agents and brokers in New York state on BI and PDL will be 15% for class 1 private passenger and commercial cars and garage liability, and 10% for class 2 and class 3 private passenger automobiles.

It is said to be unusual to vary the commission schedule in accord with auto classifications, but the premiums, of course, vary substantially by classification.

Home Indemnity, like several of the other insurers, is attempting to maintain its auto market for producers. One difficulty for these insurers is to avoid picking up orphan business, which, as other insurers cut back, is rising in volume.

Houston Mariners Elect

Houston Mariners club has elected Frank Deutschman of John L. Wortham & Sons as president. Other officers named were: Landon Alexander, chief mate, and Marshall Clagett, purser, both of Cravens, Dargen; Robert Clanton, Wm. H. McGee & Co., Yeoman.

Connors Feted On Retirement At N. B.

W. A. Connors, who has retired from the post of local secretary of North British at Los Angeles, was honored at a dinner given by associates in the office there. S. T. Shotwell, vice-president and manager at San Francisco, was host. F. E. Wickard, assistant manager and secretary at San Francisco, also attended. Mr. Connors was presented with a portable television set.

Mr. Connors joined North British as a special agent in Salt Lake City in 1920. He previously was with Salt Lake City board. North British transferred him to Los Angeles in 1926 and subsequently assigned him to special duties in San Francisco in 1930. He was appointed local secretary at Los Angeles in 1935.

N. Y. Board Report Shows Down Trend In Fire Losses

The fire business is reported to have improved somewhat in recent days, and the statement by New York Board of losses assigned to its committee on losses and adjustments for November is an index that bears this out.

In November, in New York Board territory, there were 283 fire losses for $1,059,642; 418 extended coverage losses for $156,065, and four sprinkler leakage losses for $9,300. The total was 705 losses for $1,225,007. This was a numerical decrease of 6% and in amount was $24,190,922, an increase of 18.4%.

For the first 11 months of 1957, the number of losses was 8,055, down 9.3% from the 11 months of 1956; and the amount was $24,190,922, an increase of 18.4%.

New Orleans Surety Men Elect Plauche President

Surety Assn. of New Orleans elected the following officers for 1958: Francis A. Plauche, Royal-Globe group, president; Louis A. Vale, Maryland Casualty, vice-president; Joe Hurlbert Jr., Fidelity & Deposit of Maryland, secretary-treasurer.

To Eye Fringe Benefit Cost

Controlling fringe benefit costs will be one of the features of the conference on personnel administration of National Industrial Conference Board at New York Jan. 16-17. Martin R. Gainsbrough, chief economist of the board, will act as chairman.

Joseph R. Shaw, president of Associated Industries of New York, will discuss workmen's compensation; Earl S. Willis, consultant for employe benefits development division of General Electric, major medical, and Geoffrey N. Calvert, vice-president and director of the consulting actuarial division of the New York brokerage firm of Alexander & Alexander, keeping pension benefits in line with inflation.

Mich. Millers In New Home

Michigan Millers Mutual has moved into its new home office at Lansing. The 170 x 102 feet building is located on an eight acre landscaped tract, including a 100 car paved parking lot.

Built to support the heavy load of present and future modern business machines, the building has a steel frame encased in concrete. Floors are prefabricated hollow steel units, the cores of which carry electric and phone wiring. A layer of concrete was poured over the steel subfloor and topped with varicolored resilient tile. Access plates permit changes in the hidden wiring as necessary.

The whole structure is enclosed in polished granite and almost continuous rows of windows, with double-paned glass in aluminum frames.

Historic Fireman's Fund Office Is Remodeled

The historic 401 California street building of Fireman's Fund has been remodeled and reopened to house the company's San Francisco branch office and Pacific ocean marine department. Until last June, the structure and several adjoining buildings were occupied by the home office and Pacific department which have since moved into new quarters on Laurel Heights.

In 1867, four years after the founding of the company, the organization moved into its first building on the California and Sansome streets corner. The building was described then as being "elegant and iron-fronted, supported by foundations consisting largely of ballast from ships." The fire and earthquake of 1906 gutted the structure, which subsequently was rebuilt. The present structure was completed and occupied in 1915 and the present remodeling was the first extensive change made since that date.

Set Chicago Real Estate Board Insurance School

Insurance division of Chicago Real Estate board will begin its general insurance school Jan. 13. The 16 weekly two-hour sessions will be held in the Realtors club, 105 West Madison street, from 3:30 to 5:30 p.m.

Subjects include the following aspects of insurance: Property, homeowners A, B & C, inland marine, liability, burglary, automobile and auto garage liability, bonds and A&H.

Instructors are J. O. Healy, special agent Hartford Fire; David E. Bopp, metropolitan marine manager Home; S. P. Janco, supervisor multiple peril department National Fire; G. K. Lindmeier, G. A. Mavon & Co., and R. A. Todhunter, supervising underwriter Indemnity of North America.

Also, J. R. Wilson, manager automobile and burglary departments, Frank A. Cramsie & Co.; James MacGregor, Continental Casualty, and C.K. Frantz, Chicago manager Continental Casualty.

Three Companies Join HIA

Allstate, Allstate Life and Brotherhood Mutual Life of Fort Wayne have joined Health Insurance Assn., bringing total membership to 265.

Larson On Qualities Of Insurer Leadership

Commissioner J. Edwin Larson of Florida recently discussed "The Responsibility of an Insurance Company Official" at a life company meeting in Florida. Subsequently, he had it printed in booklet form for distribution to Florida insurers. In substance, he stated:

The present-day economic system places great responsibilities upon management. It has been repeatedly demonstrated that, unless the individuals in positions of direction are carefully trained, the entire enterprise is likely to collapse. We find this particularly true in insurance where management is dealing with a highly complex product designed to cover a myriad of circumstances related to human life and property. Florida has been fortunate in not experiencing first-hand really bad insurance company management which some states have had the ill fortune to undergo. It does not take long for a company to run into trouble if it pursues a shaky course under bad direction and leadership.

What are some of the responsibilities of management if it is to carry out its assigned functions?

A primary responsibility of directors is for each to recognize immediately the tremendous responsibility vested in him by stockholders. It takes all sorts of people to keep the business of the world moving. One man can look after himself who could not guide others, and his place is an important one in life. Those who can be trusted with responsibility for managing, organizing and dispatching business are less numerous than the average individual. The services of these persons are sought more eagerly. No department or industry will run itself efficiently without a leader.

What fits a man to accept responsibility? He has to have intellectual ability, knowledge of men, imagination, energy, enthusiasm, quality of prompt decision, and a personality that wins people to do his will.

Directors of a company have achieved maturity already and have indicated that they are capable of accepting responsibility, otherwise their stockholders would not have chosen them as directors. But theirs is the task of seeing that the best possible management is practiced at all times.

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There are two sorts of responsibility in business, that of the man who is on the way up, and that of the man who has arrived. As he progresses in years and position, a man develops a feeling of general responsibility instead of a spirit of private adventure. One primary duty of a director is to select executives to manage his company, and there are at least three ways in which an executive can prove his capacity for bearing the type of responsibility desired. These are:

1. He should accept accountability for his actions.

2. He should demonstrate his dependability with reference to things, particularly money, commodities or tasks assigned him.

3. He should show competency to act on general instructions without detailed guidance.

An executive's greatest skills and his most profound knowledge can just as likely lead to failure as to success unless he is socially responsible. The executive must keep in touch with his surroundings, giving all with whom he comes in contact a "square deal." A responsible executive does not center the universe in himself and relegate every other living soul to playing bit parts in the personal drama of his life.

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What should the director look for in selecting the manager-type individual? The task of selecting future business leaders is the real problem of top management. Relatively few have the qualifications for top positions. What are directors to look for in the candidate for an executive position? What do they expect of the executive? Executives are required to make decisions and assume responsibilities. To fulfill his function completely, the executive must have various capabilities. He must also have the industry and integrity to apply these abilities to the job he holds and the company that employs him. These three qualities—ability, integrity and industry—are the essential elements of the insurance business leader.

Ability encompasses intelligence, professional skill and leadership. It is seldom neglected in selecting executives. More often, it is improperly made the sole basis for selection. This over-emphasis is a natural one. Ability can be identified more readily than either integrity or industry. Certainly quick perception, good memory, and analytic ability—components of intelligence—are important executive qualities, as the ability to make decisions and guide subordinates are components of leadership. Any company is justified in determining promptly if the candidate for a position can do the job. The company leader, however,

(CONTINUED ON PAGE 16)

Industrial Leaving Fire, To Write Only Financed Auto PHD

Industrial stopped writing fire and allied lines Dec. 31, and is reinsuring that business. It will concentrate its writing on auto physical damage coverage of financed automobiles.

The outstanding fire and allied business in Maine, Massachusetts, Rhode Island, Connecticut and metropolitan and suburban New York was reinsured by American Equitable of the Corroon & Reynolds group, effective Dec. 31.

In New Jersey, fire and allied line risks of Industrial were reinsured by Fire & Casualty of Connecticut effective Dec. 31.

Other business of these classes in remaining states where the company operates has been reinsured by Hawkeye-Security of Des Moines, affiliated insurer.

Industrial had earned premiums in 1956 of about $6.1 million, of which approximately $1.7 million was in fire and allied lines.

Huttie To Replace Hodges For Mill Mutuals At K.C.

Fred E. Huttie Jr., assistant manager of the southwestern department at Kansas City of Mills Mutuals, has been named manager, succeeding A. Omar Hodges, who is retiring after 41 years with the company.

Mr. Huttie has been in the southwestern department since 1938, serving as field engineer, and superintendent of field service prior to becoming assistant manager.

Lang Is Assistant U. S. Manager Of Royal Exchange

Arthur A. Lang has been promoted to assistant U. S. manager of Royal Exchange group at the New York head office. He will move from Los Angeles, where he has been manager of the group's Pacific department.

Mr. Lang joined Royal Exchange in 1933 and since then has filled various positions of responsibility in the office and field. As assistant U. S. manager, he will be associated at New York with H. C. Pitot, U. S. manager, and A. C. Miles, deputy U. S. manager.

American Surety Is Host To Insurance Press in N. Y.

American Surety was host to the insurance press at an annual luncheon in New York City. William E. McKell, president, presided and discussed several aspects of the fire-casualty situation. In addition to Mr. McKell, there were on hand from the head office Randolph E. Brown, C. H. Hall, John C. Barrows, A. H. Russell, A. H. Hunt, and Walter H. Riley.

Mich. CPCUs Elect Dickman

Donald W. Dickman, Detroit, has been elected president of Michigan chapter of CPCU. Also elected were: M. Paul Middlekauff Jr., Michigan Mutual Liability, vice-president; Robert S. Anderson, General Underwriters, secretary, and George L. Sullivan, Standard Accident, treasurer. Dale E. Willman, London & Lancashire, has been elected to the board.

Zurich Adds Two To Fire, Inland Marine

Zurich has appointed George N. Duncan as assistant superintendent of the fire department and George T. Stephens Jr. as inland marine underwriter.

Mr. Duncan has had 28 years of underwriting, production and administration experience with Continental Casualty and General of Seattle group. Mr. Stephens, formerly a marine underwriter with Aetna Casualty, has also spent a portion of his 12 years of insurance in the field.

Honor Jones On Retirement At Commercial Union Group

Laurence S. Jones was honored at a dinner at the Engineers club in New York marking his retirement as U. S. manager of Ocean Accident and president of Columbia Casualty. H. W. Miller, general U. S. attorney of Commercial Union group, was host. The group's officers and executives attended.

Mr. Jones was with the Commercial Union organization more than 34 years and was head official of its casualty companies for 10 years. Messages of congratulation and felicitations to Mr. Jones were read from many agents and friends in the business. He was presented with an appropriate gift.

Syracuse Field Club Elects

William F. Lepper of Hartford Fire has been elected the new president of the Syracuse (N. Y.) Field Club. William H. Bossman of Great American Indemnity was named vice-president, William F. Tolles of Crum & Foster secretary, and Robert B. Clume of Springfield F.&M. treasurer.

Several U.S.F.&G. Changes In New York

Kenneth C. Edgar has been appointed assistant manager of the New York office of U.S.F.&G., under Manager George F. Avery. Mr. Edgar has been general superintendent of casualty at that office. He is a CPCU and joined the company in 1945 after experience with National Bureau of Casualty Underwriters. He was assistant superintendent and then superintendent of the burglary and glass division, and in 1953 was made general superintendent of casualty.

Harold M. George succeeds Mr. Edgar as general casualty superintendent. Mr. George has been with U.S.F.&G. 32 years, his entire business career, and all in the New York office. He started in the accounting divisions, and for years was an underwriter of A&S and then became suprintendent of that division. In 1950 he became general superintendent of the disability and A&S department. He then headed the New York office's program for multiple line education and conducted the school for two years. He served as superintendent of burglary and glass, of compensation and liability, and of the automobile department.

James A. McLaughlin, superintendent of the Long Island casualty department, has been named assistant superintendent of the casualty department to succeed Mr. George. Mr. McLaughlin began with the company in 1939 and served in various underwriting capacities. In 1949 he became superintendent of auto, later was an accounts analyst in the agency development department, superintendent of the renewal division and in 1955 head of the then new Long Island casualty division.

New Information Bureau At S.F. Elects Officers

The newly-formed Insurers' Information Bureau of San Francisco has elected Lloyd G. Anderson president. Other new officers are C. T. Zinn, Pacific Indemnity, vice-president, and Thomas G. Aston Jr., California Assigned Risk Plan, secretary-treasurer.

Elected as trustees are: G. R. Murname, Allstate; Einar O. Sjoholm, Kemper group; Charles L. Celio, State Farm; and Neal Garrison, California State Mutual Automobile Association.

The organization, formed to disseminate underwriting information among company members, expects to be in operation the first of the year.

Miss. Commercial Car And Garage Rates Increased

National Bureau of Casualty Underwriters has increased commercial car liability rates in Mississippi by 16.1% effective Dec. 18. At the same time the bureau increased rates 19% for division 1 garage risks on a payroll basis and 40.1% for public livery and taxicabs.

New Handbook Published For Kansas

A new Underwriters Handbook of Kansas has just been published by the National Underwriter Company. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organiza- throughout the state. Copies of the new Kansas handbook may be obtained from the National Underwriter Company at 420 East Fourth street, Cincinnati 2, Ohio. Price $12.50 each.

Insurer Loses 'Care, Custody, Control' Case

MIAMI—Dade County (Fla.) circuit court here held against the insurance company in the first case in Florida interpreting the liability policy exclusion of property in the care, custody or control of the insured. The case is Headley Construction Co. vs Bituminous F.&M., and is identified as No. 203944—L.

The insured was employed by R. F. Hoyt of Miami Beach to repair davits on his sea wall. When he went to remove them, he found, unexpectedly, that a small boat of the customer was suspended there. He lowered the boat into the water and secured it, but eventually it sank and Hoyt made a claim against the Headley firm. Bituminous refused to defend the claim, because of the care, custody or control exclusion and the insured brought a declaratory judgment action against the insurer.

Judge Pearson, ordering Bituminous to defend the action against the insured, held that the Headley firm was authorized to take the davits into its care, custody or control, but not the boat, so the exclusion did not apply. This case is in harmony with cases in other states which have held that the right of the insured to control the property in question is the important factor. The policy did not contain the additional expression which has been used since 1955, "property as to which the insured for any purposes exercising physical control," and which apparently has not been interpreted by any court up to now.

W. J. Pruitt of the Miami law firm of Pruitt & Pruitt represented Headley Construction Co. It is not known whether Bituminous Fire & Marine will appeal. Since there are no appellate holdings on this point in Florida, this case stands as law for the circuit.

Teen-Agers Seek D. C. Licenses

WASHINGTON—Montgomery county, Md., officials charge that several hundred Maryland teen-agers have taken out District of Columbia driver permits to evade Maryland auto insurance requirements and county police are cracking down on the alleged insurance violators. The Maryland law compels drivers under 21 to prove financial responsibility either through insurance or bond when applying for licenses while D. C. has a financial responsibility law.

American Automobile Assn. said liability insurance rates for a male under 21 who drives his own car average $118 yearly, and if he drives the family car, that rate is increased by $20 annually.

W. Va. Clarifies Ban On Fictitious Groups

The West Virginia department has issued a bulletin concerning its ban of fictitious fire and casualty groups. Reports indicate there is some misunderstanding about the regulation, which prohibits any preferred rate or premium based upon any fictitious grouping.

A few agents appear to be under the mistaken impression that a group fire, casualty or surety policy may be issued to any bona fide association organized for purposes other than obtaining insurance, the department bulletin comments. But, it adds, no analogy can be drawn between group policies in life, A&S and hospitalization and group insurance in fire, casualty and surety. There are no enabling statutes authorizing group fire, casualty or surety insurance as there are for group life, A&S and hospitalization.

The West Virginia code forbids any rate which discriminates unfairly between risks of essentially the same hazard, the bulletin states. Also the state supreme court's decision in Flat Top vs Edgar B. Sims held that the rates must be applied to the several classes involved without discrimination among members of a class. The effect of the statute and court decision is to require that all policyholders of the same class shall pay alike and be treated alike.

The association may be legitimate for all other purposes, but it is not a proper class or sub-class for insurance rates. To define the members of such an association as a sub-class is a fiction, according to the department. Risks may be grouped for casualty if there is a common insurable interest as in the case of a fleet policy insuring a number of automobiles under one ownership and control.

The department has received specific inquiries as to eligibility for group casualty insurance of an association composed entirely of school teachers residing in one county or throughout the state, and an association of attorneys residing in one county and/or in the state. The department states that each of these associations would be a fictitious grouping for the purpose of insurance rate classification. There is no common insurable interest between the organizations and the members, nor is there a common insurable interest between members of the re-

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AFIA Produces Film Of Foreign Scenes

NEW YORK—An interesting and colorful motion picture of scenes from around the world was shown to the insurance press here at American Foreign Insurance Association's head office. The 15 minute color film, which has just been finished by AFIA, shows brief sequences of people, industries, and AFIA facilities in Brazil, Australia, Europe, Africa, the Middle East, Asia, and the Far East.

The film, produced by Helmut Kimpel, public relations manager of AFIA, was made for the most part by professional photographers, and is professionally narrated with background music. Though it tells a story of AFIA's world wide insurance operations and the responsible role that its 22 member companies play in the international insurance market and in the world's economy, the scenes are well selected and beautifully photographed, and the film as a whole is an educational one.

The film will be shown to field, agency, and other insurance groups, as well as to civic and trade organizations. AFIA is preparing a number of prints of the film, which is available at no charge.

James O. Nichols, president of AFIA, attended the showing.

N. Y. State Brokers Assn. Appoints Marine Chairman

John Adams, a partner in Adams & Porter, New York insurance brokers, has been named chairman of the marine committee of Insurance Brokers Assn. of the State of New York. He succeeds the late Clement L. Despard of Despard & Co., New York, who served as chairman for many years. Alexander Olsen of Johnson & Higgins, New York, was named deputy chairman.

Factory Mutuals Ask For Casualty Rating Powers

Factory Mutuals have been requesting all insurance departments to broaden the authority of Factory Mutual Rating Bureau to include the making of rates on casualty coverages which are written in connection with property insurance.

Factory Mutuals have been giving intensive study for the past several years to comprehensive package contracts, such as commercial block and industrial property forms, which include casualty, and they hope to have a new contract ready some time next year.

General Accident Appoints Ind. Assistant Manager

General Accident has appointed Carl E. Adams assistant manager of the Indiana branch office. For seven years he has served as Indiana state agent of New York Underwriters.

Royal-Globe Appoints Blackburn, Schloss

C. Fred Blackburn and Harold W. Schloss have been named secretaries of Royal-Globe. Mr. Blackburn will have executive supervision of underwriting, casualty engineering, and payroll audit. Mr. Schloss will have executive superivison of actuarial operations. Both are in the New York office.

Mr. Blackburn joined Royal-Globe as superintendent of the then newly-formed aviation department in 1946, and was subsequently appointed manager. He was named assistant manager of casualty underwriting in 1952, and an assistant secretary in 1955.

Mr. Schloss went with the actuarial department in 1946, and has been superintendent of that department since 1950.

Conn. State Police Get New Liability Coverage

Connecticut state police officers who have hitherto been personally and individually liable for damages they may cause in the course of carrying out their duties now are protected by a new liability policy against suits which may be filed against them for bodily injury caused to innocent persons, false arrest, libel, defamation of character, invasion of privacy, or wrongful entry.

Auto liability has been provided by Connecticut for state police and other state employes to cover them while on official business.

The new policy is a standard liability form with special features to cover state policemen in cases where bodily injury or property damage is caused during ordinary or official police actions. Limits are 100/300/5 with an aggregate limit of $25,000 on the PDL.

Moreen To Aetna Life Group Corporate Position

Howard A. Moreen, vice-president of the group division of Aetna Life, has been appointed assistant corporate secretary of Aetna Life, Aetna Casualty and Standard Fire. In this post he will assist James B. Slimmon, senior vice-president and secretary, who has been corporate secretary for 30 years.

Mr. Slimmon plans to retire next fall, when Mr. Moreen will become corporate secretary and assume some of his other responsibilities. Meanwhile Mr. Moreen will devote a diminishing portion of his time to group duties as he works into his new responsibilities. He joined Aetna Life in 1936 and was manager of several group field offices before becoming superintendent of the group division in 1946. He is chairman of Health Insurance Council.

Campbell-Husted Marks 25th Year

As part of its silver anniversary celebration, Arthur E. Campbell-Husted Co., Seattle insurance adjusters, is expanding its services to include fire loss adjustment. The new department will be supervised by William F. Burke, who went with the company Jan. 1. Mr. Burke was with General Adjustment Bureau in California for four years and since 1950 has been with General of Seattle, adjusting fire losses in the Seattle area.

Mr. Campbell and his partner, Donald C. Husted, have been together for 25 years. Prior to opening the adjusting office, Mr. Campbell was a company adjuster for four years and manager of an independent adjusting office for eight years. A charter member of Assn. of Independent Insurance Adjusters, he is immediate past president of that organization.

A. D. Cohen Is Retiring, Barrett Succeeds Him At America Fore

Arthur D. Cohen, secretary of Fidelity & Casualty of the America Fore group, is retiring after 52 years with the company. Francis D. Barrett, supervising attorney, will assume Mr. Cohen's duties.

Mr. Cohen, who was awarded an LL.B. degree at New York University in 1914, began his business career in 1905 in the stenographic department of Fidelity & Casualty. Successively he advanced to investigator in the metropolitan claims department, home office claims examiner and assistant superintendent. In 1939 he was appointed supervising attorney, and in 1955 a secretary.

Mr. Barrett received his law degrees from Georgetown University. He joined Fidelity & Casualty in 1929 at Washington, D. C. In 1931 he was appointed an adjuster in the claims department. He transferred to the home office in 1935 as claims examiner and was later promoted to supervisor of special risks. He went to the Pacific regional claims department in 1950 as chief examiner. He recently returned to the home office and was appointed supervising attorney in association with Mr. Cohen.

New Orleans Exchange Is Amending By-Laws

The U. S. Supreme Court's denial of the petition for a rehearing by New Orleans Insurance Exchange in the government's anti-trust suit terminates the litigation and makes final District Judge Wright's judgment of injunction, the exchange has notified its members.

Attorneys of the exchange currently are preparing appropriate notices and documents to bring the by-laws of the exchange into full compliance with Judge Wright's judgment before the expiration of the 30 days allowed for the decision, which would be Jan. 15.

The notice to members points out that the action of the Supreme Court was taken despite the fact that the attorneys general of Louisiana and Texas filed supporting briefs asking for a hearing on the merits of the case. "This summary action finally disposes of our right of appeal without an actual hearing on the merits," the notice states.

New officers have been nominated by New Orleans Insurance Exchange. They are George D. Tessier, president; Herman Katten, vice-president; Paul McIlhenny, secretary, and Charles L. Rittenberg, treasurer; and E. P. McCloskey, John A. Barry, Norton E. England and Paul W. McIlhenny, members of the executive committee.

Casualty & Surety Club Of N. Y. Elects Madigan

John P. Madigan of General Re was elected president of Casualty & Surety Club of New York to succeed W. E. Taeffner of Standard Accident at the December meeting. Joseph M. Pernollet of Employers Liability and James M. Henderson of Fidelity & Deposit were elected vice-presidents, and Vincent T. Schuster of General Re secretary-treasurer.

The new executive committee members are Eugene C. Richard of American, George F. Avery of U.S.F.&G., Benjamin F. Gates of Hartford Accident, M. J. Rhew of Royal-Liverpool, and Rankin Martin of Standard Accident.

Cowley And Three Others Are Advanced By Atlantic Mutual

Atlantic Mutual has advanced Charles F. Cowley, an assistant vice-president since 1956, to vice-president, and appointed three assistant secretaries: E. Duncan MacKenzie, administrative assistant in casualty; John Masica, in charge of the metropolitan fire department, and Miss Gertrude Klingensmith, in charge of the cashier's department. Chief casualty claims officer of the company, Mr. Cowley joined it as casualty claims manager in 1945. Mr. MacKenzie went with the companies as assistant production manager in 1954. He has been in the business since 1934. Mr. Masica joined the company in 1941, became an assistant fire underwriter in 1943, underwriter in 1947, and metropolitan fire manager at New York in 1950. Miss Klingensmith joined the company in 1946, following naval service during World War II.


Charles F. Cowley

Elect Doti To Succeed Boughton At U.S.P.&I.

U.S.P.&I. Agency has elected Joseph E. Doti vice-president and secretary. He succeeds Stanley E. Boughton who is retiring after 32 years with the agency.

Mr. Doti has been manager of the personal injury department.

Royal-Globe Glee Club Sings

The Royal-Globe Glee Club presented its annual Christmas program in the New York head office Christmas eve. A public address system carried the program to the area surrounding the group's building at 150 William street. Before that the choristers sang in the metropolitan department and in the executive department.

The glee club is directed by John Parella. Soloists are Mary Evelyn Jungling and Donald N. Hammond. Thomas D. Russo is accompanist.

Swan, 62-Year Veteran, Retires As Treasurer Of America Fore

Charles E. Swan, treasurer of America Fore since 1932, and a veteran of 62 years in the business, will retire Jan. 1. He entered insurance in 1894, joined the then Phenix of Brooklyn the following year as a clerk in the loss department, and was named cashier when the company merged with Fidelity Fire in 1910 and became Fidelity-Phenix. He was appointed auditor of that company in 1921, became treasurer of the America Fore fire companies in 1924, and treasurer of the group in 1932. He also is a director of Niagara Fire and of Fidelity & Casualty.

N. Y. Underwriters Elects Secretaries

New York Underwriters has elected C. E. Johnson as resident secretary at Atlanta and B.T.E. Stoddart and L. D. Ulrich secretaries at the home office.

Mr. Johnson joined the company in 1926 and went into the north Texas field as a special agent in 1932. Subsequently he was state agent in Oklahoma and North Carolina. In 1952 he transferred to Atlanta as executive special agent. He will supervise the production activities in the southern department.

Mr. Stoddart joined the company in 1939. He served as special agent in Kentucky 1947 to 1950 and as state agent in Kansas 1950 to 1954. In 1954 he was elected assistant secretary. He is in charge of the automobile and inland marine departments.

Mr. Ulrich has been with the company since 1928. Following training in the home office, he became special agent in Michigan. In 1941 he transferred to Indiana as state agent, in 1951 to St. Louis as manager, and in 1953 to Chicago as executive special agent. He was elected assistant secretary in 1956. He supervises the special risk and brokerage departments.

W. W. Reed Advanced By Hull Syndicate

Walter W. Reed has been appointed deputy underwriter of American Hull Insurance Syndicate. He has been with the syndicate since 1945 and an assistant underwriting since 1954. He entered insurance with Navy Builder's Risk Syndicate. He spent a year with Tugboat Underwriting Syndicate before joining American Hull.

Virginia Rating Bureau Elects Criswell Chairman

R. W. Criswell, secretary of Aetna Casualty, has been elected chairman of Virginia Insurance Rating Bureau, filling a vacancy created by the death of A. J. McDavid. In addition, James L. Dorris, vice-president of Hanover, has been named vice-chairman.

New Adjusting Office At K. C.

KANSAS CITY—Allin Claims Service has been opened here to service multiple line claims in this area. John E. Allin, manager, started with Employers Liability as an adjuster and has 18 years' experience with a broad background both with the companies and as an independent adjuster.

General Adjustment Bureau has set up a resident adjusting facility at Prescott, Ariz., with Wesley J. Arter in charge. He has been in the adjusting field for six years.

Push Welfare Fund Code Of Ethics In New York

(CONTINUED FROM PAGE 2)

tors in addition to the commission scales set forth above.

"Any commission rate schedule used by an insurer for welfare funds is considered unreasonable and excessive if (a) it provides for the payment of commission in excess of the range shown in the preceding table, or more than would have been paid under the insurer's commission schedule applicable to a similar group policy of like premium volume issued to an employer, whichever is less; or if (b) the schedule is not uniformly used as a maximum for all welfare funds.

"An insurer may provide in such commission schedule that a portion of its total commissions, in accordance with a predetermined scale established for the purpose, is to be considered as the basic selling commissions, with the balance available for compensation for other services of the insurance agent or broker, such as assistance in designing, installing or servicing the welfare and pension program. Any commission rate schedule used by an insurer for group annuities issued in connection with pension funds should be appreciably lower than the commission rate schedule used by that insurer for welfare funds.

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Where two or more forms of group insurance are issued, concurrently or within six months from the issuance of any one of such forms of coverage, by an insurer to a welfare fund, the premiums for all the insurance coverages, whether under one or more policies, should be combined in determining the total commissions payable; and where two or more welfare funds are combined through a master or administrative trust or otherwise, they should be similarly considered as one fund for commission purposes.

"Any increase in premium resulting at any time from normal additions to the group or insured persons (e. g., from additions resulting from the insuring of new employes of participating employers, from a reduction in the eligibility requirements of the plan, from the inclusion of employes of a new participating employer in the plan unless under the collective bargaining agreement participation in the plan is optional with the employer, from salary increases, etc.) should be treated for commission purposes as part of the existing premium and not as a separate new premium.

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"Where an existing policy is extended to insure a new classification of employes (e.g., where the plan is expanded beyond its original scope to include members of an additional union local, or employes of the employer members of an additional trade association, or additional classes of members within locals already participating, or additional classes of employes of employers already participating) or where the existing policy is revised to increase the schedule of insurance on those already insured, or where a new form of insurance is added, commissions payable with respect to the resulting additional premium should be not more than the amount determined by applying the insurer's commission scale to the additional premium as if there had been no previous insurance; provided that if such extension of policy takes place within six months after the original effective date of the policy or of another previous extension for which the additional premium was treated separately, under this rule, the additional premium for the current extension should not be treated separately for commission purposes but should be treated as a part of the previous new or additional premium.

"In lieu of its normal decremental commission schedule, providing for higher first-year commissions and lower renewal commissions, an insurer may use averaged decremental commission rates, applicable to the first policy year and nine renewal policy years, if such rates are the approximate mathematical equivalent of its normal schedule when applied to a uniform amount of premium over a 10-year period.

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"Under no circumstances should the scale of commissions be contingent on the claim rate under the group policy.

"While in some circumstances the transfer of group insurance from one insurer may be of advantage to a welfare or pension fund, it results in duplicate acquisition costs. Accordingly, in cases of proposed transfer, the new insurer should so advise the prospective policyholder. Commission rates for the first and subsequent policy years should in all cases of transfer be payable only on a basis which averages the rates over the entire commission-paying period, and the total commissions payable over such commission-paying period should be not more than those which would be payable by the new insurer were there no prior insurance.

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"Commissions should not be paid to any person, firm, or corporation who or which is not actually in the business of selling insurance, or is not a licensed agent or broker at the time the sale was negotiated. Nor should directly, to any trustee, contributing employer, or labor union, or to an officer or employe of any such trustee, employer or labor union.

"Fees and other allowances. An insurer should not make any payment of fees or allowances of whatever nature, and by whatever name, to any person, firm, or corporation in connection with the sale, service or administration of a group policy issued to a welfare or pension fund, other than commissions to an insurance agent or broker as heretofore described, except in reimbursement for the reasonable value of one or more of the following services performed on behalf of the insurer: (a) issuing certificates; (b) maintaining employe records; (c) billing premiums; (d) processing claims.

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"In no event should any payment for such services (a) exceed the amount that would have been credited to the policyholder in the insurer's dividend, experience-rating, or premium-rate formula for the performance of the same services, or (b) be made to any person, firm, or corporation which dos not maintain an organization equipped to furnish such services, or which does not in fact furnish such services.

"An insurer should not make any payment of fees or allowances of whatever nature, and by whatever name, to a policyholder, whether for doing work sometimes performed by an insurer or otherwise, except as part of a refund or dividend under the operation of the insurer's regular dividend or experience-rating formula.

"Where other administrative work involving normal policyholder functions is paid for by the insurer, an identifiable charge in addition to the premium, properly labeled, for the reasonable value of the services performed should be made to the fund for such work. If the insurer engages a third party to perform such work, it should maintain control and responsibility for its proper performance, and an amount of the fee or allowance paid therefor shall be reasonable in relation to the services rendered and should be consistent with the charge made by the insurer to the fund.

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"Filings. Whenever there may be particular circumstances under which an insurer believes that payments of commissions, fees or other allowances on a group policy, other than those conforming with the code, are justifiable and should be paid, it should promptly furnish a complete explanation of the reasons therefor to the insurance supervisory official of the state in which the group insurance policy is delivered, and such explanation also should be available on request to the insurance supervisory official of any state in which certificates under such policy are outstanding. This subsection is not applicable in the case of any state which by law, regulation, or ruling requires filing of all schedules of commssions, fees or other allowances on group policies.

"Disclosure to policyholder. An insurer should upon request, disclose to a policyholder or prospective policyholder the commissions, fees, or other allowances paid or to be paid.

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"General agents and other representatives. The common practice among insurers of paying salaries, providing other benefits, and making payments in the nature of an overriding commission to general agents and full-time home office representatives of the insurer who regularly design, install or service the welfare and pension plan, or who regularly assist insurance agents and brokers in selling, is a recognized and proper method of meeting overhead sales and service expense of the insurer and, therefore, is not intended to be affected by the preceding subsections B and E (which govern respectively commission scales and disclosure to policyholders); provided, however, that any such overriding commissions should be determined on scales not higher than those applicable to group policies issued to employers, and provided further that the payment of any overriding commission is not used as a device for evading the intent of this code."

Section 3 says an insurer should undertake to avoid any action condoning conduct on the part of a trustee or any other person occupying a fiduciary position with respect to a welfare or pension fund which would constitute an evident breach of trust or an evident failure to discharge faithfully the obligations which his fiduciary position imposes on him.

Section 4 forbids improper inducements to acquisition of business, like loans, payments, or lavish entertainment.

Section 5 prohibits incomplete or misleading comparisons and projections of costs. If an estimated net-cost presentation is made, it should be clearly stated, and unless based on a rating formula contractually guaranteed by the insurer should set forth the limitations inherent therein and the assumptions on which the presentation is based.

Sections 6, 7 and 8 deal with equal treatment of policyholders, with benefit descriptions, and with accounting. At the end of the policy year, the insurer should furnish an accounting statement to the policyholder. This should include at least these items, shown separately: premiums received, benefit payments, commissions fees and other allowances paid; dividends, experience-rating refunds, or contractual return of premiums paid to the plan; resulting balance.

U.S.F.&G. Buys General Agency At Seattle

U.S.F.&G. has acquired McCollister & Co., Seattle general agency, and is in the process of establishing a branch office there for the territory formerly managed for the company by the agency. The change was revealed by Charles L. Phillips, president of U.S.F.&G., and Nelson Friday, president of McCollister & Co., in a joint letter to agents.

The acquisition of the agency was effective Jan. 1. However, McCollister & Co. will continue to function during the transition from general agency to branch office management, and agents have been advised to continue reporting to the agency until notified.

Robert A. Bolin, executive assistant in the home office agency development department of U.S.F.&G., has been temporarily assigned to Seattle and is supervising the establishment of the branch.

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The opening of a Seattle office will bring the total number of U.S.F.&G. branches in the U. S. and Canada to 57, and marks the return of a company branch to Seattle after 34 years of general agency management there.

U.S.F.&G. first opened a Seattle branch office in 1912. John C. McCollister, who joined the company as special agent in Helena, Mont., in 1910, was named manager. He previously was manager at the Tacoma branch, which was moved to Seattle at his suggestion. In partnership with C. H. Campbell, he organized McCollister & Campbell in 1924, and branch operations of U.S.F.&G. in Seattle were turned over to it. McCollister & Campbell became McCollister & Co. in 1954.

U.S.F.&G. has written business in Washington since 1897, its second year in business.

4.7% Boost In Ark. WC Rates Is Approved

Commissioner Combs formally approved a 4.7% over-all increase in workmen's compensation rates in Arkansas following resubmission of a rate request by National Council on Compensation Insurance. The original filing seeking an over-all 7.7% increase had been rejected. Mr. Combs said the proposed 7.7% increase was excessive, and following two increases granted last year would produce a total rate increase of 28.9% in two years.

The 4.7% increase is effective Jan. 1. Average increase among general classes will be 2.4% on manufacturing, 5.3% on contracting, and 5.6% on all other classifications. Within each industry, group variation from the average will depend on the volume and character of particular classification experience.

Larson Discusses Qualities Of Insurer Leadership

(CONTINUED FROM PAGE 8)

should be well aware that the lack of integrity can negate the greatest talent, and an executive's failure to apply himself gives his ability no value to the company that employs him.

Integrity includes honesty and a sense of responsibility. Integrity encompasses not merely trustworthiness but the intellectual sincerity that results in independent thinking, impartial judgment and free expression of ideas. Responsibility can be seen most easily through loyalty to the company, but civic interests and standards of personal respectability are equally important. Integrity is difficult to appraise, but it is of utmost importance to any organization. Certainly more damage has been done in American business by executives lacking this quality than by any deficiency in ability or industry. Many companies fail to achieve excellent management because of the presence on their executive staff of officers whose moral reliability is questionable. Firms that participate in rebates and kickbacks or that mislead the public in advertising and which produce without regard to the effect of their production on distributors or the public, do so because of failures in integrity by their leaders. A company which fails to appraise executive integrity risks more than just hiring a few poor executives. It endangers the entire moral health of the company.

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Finally, industry consists primarily of diligence and initiative. It is visible in some form in almost all candidates for advancement. Diligence, however, includes not only willing perseverance but efficient attention to tasks as each test merits it. A preoccupation with details, the inability to relegate minor jobs to their proper position, or misdirected efforts can have the same poor results as indolence. Initiative is less tangible than other components of industry, but its absence clearly removes a man from consideration for leadership. In the modern company organization, teamwork among top management personnel has grown to be more important as a quality of industry. Since insurance is a highly technical business and one which operates best under the hand which possesses experience and familiarity with each minor detail, it might be wise for a company to choose, where ever possible, executives from within its own organization. Only when a high degree of specialization or unrelated experience is required, not presently available within the organization, should an executive be drawn from outside.

This does not mean that new executives should never be brought in, or that advancement within management should be automatic. This is particularly true in the smaller companies.

The personnel function is a top level responsibility. The personnel director is a member of the top management team. He is also in close contact with all lines of staff work. In too many companies, personnel is a third level department and performs only the responsibility of filling a routine office where there are chance openings. The training of personnel specialists in interviewing, psychological testing, and personality evaluation are ignored where they might be most valuable—in the area of executive selection.

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Selective management is, of course, a proper function of a board, president, or division head, but it can be done best with the close help of a skilled and objective personnel manager. A qualified personnel director should be given not only the proper responsibility and authority to aid in management selection, but he should also be the guide for importation of the organization's needs. He should play a major role in developing the "management inventory" in projecting a company's executive requirements for the future.

The good company director must keep one eye on the lessons of experience, and the other on conditions as they exist around him at this minute. Directors and executive officers of any business in this modern age of keen competition need absolute power and authority to carry out their respective duties, once they have been conceived in good judgment and planned with care.

Boston Adds Philadelphia To Regional Office List

The Philadelphia office of Boston in the Public Ledger building has been made a regional office. H. Bradley Sexton Jr. is regional manager. He will supervise business in Delaware, Maryland, Pennsylvania, District of Columbia and West Virginia.

Mr. Sexton joined Boston in 1947 and was promoted to marine manager at Philadelphia in 1948. He is a past skipper of Mariners Club of Philadelphia.

Regulation Effecting Attrition Of Business

(CONTINUED FROM PAGE 1)

times strongly influenced by the pressures to which it is particularly vulnerable, it exercises management—by inversion.

If, time after time, the companies are forced to compromise their filings, the management of individual companies is forced to compromise the function of management—to improvise and downgrade the product, the function and the delivery. It has to accommodate itself to the rates "granted" by the department.

Under these circumstances, imposed from without, management cannot afford to improve its product and meet competition by skill, experience, art and vigor. The competitive terms come to be too often fixed by the umpire—not by the players and the spectators.

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In any event, a time of crisis for a business is not the time to pick out the weaknesses of management, which are by no means new, and base on them regulatory decisions which are shaped more by the immediate public relations and political problems of the governmental agency than the immediate (let alone long term) financial and survival problems of the business. This matches the problem of the regulatory authority with that of the insurers, but solves the problem of neither—on the contrary, it puts both in double jeopardy.

In the case of insurance, the sharp, rapid inflation of unregulated costs has been as much responsible for its difficulties as anything else, and this cannot be blamed on management or commissioners. With a built in time lag between loss payments and rate increases which is characteristic of the business, before rates could be increased to take care of inflation, securities began to deflate. Accompanying these general circumstances has been the special one of a vast increase in automobiles, auto mileage, auto drivers, auto accidents and auto costs, and here the business has had little help from anyone—auto manufacturers, goverment agencies or road builders.

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Of regulated businesses, insurance is especially vulnerable, a truth well illustrated by the events of the past 2½ years. Though this business has been paying out daily the current, steadily rising—or leaping—costs of the components of its product—steel, glass, labor, awards, hospitals, etc.—it has had to wait until almost everyone else increased prices to meet his problem before asking for an increase in the price of insurance. It is therefore of serious consequence that when insurers ask for needed rate increases they get them promptly, and that they get 15% if they need that much, and not 7.5%. If there is a responsibility on the insurance department to authorize the 15% increase, there is an even heavier responsibility on insurance managment not to compromise at 7.5% but to insist on the 15%.

The important thing here is that because the costs of this business are regulated, the regulatory authorities are always under an obligation to be certain that rates are adequate, and they certainly are especially so in critical times. Unless such governmental agencies keep in mind at all times that they are regulating the rates of a product all of the elements of which are unregulated, they can, even without malice and perhaps even unknowingly, slowly ruin an industry.

There is one aspect of regulation which it is not always easy for either insurers or departments to keep in mind when disposing of issues that bear on the general and long term welfare of the business.

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This is that, as contrasted with businesses operating freely of regulation, the insurance business and the commissioner each assumes the other is contributing something to the success of the venture—which is so—and is therefore accountable for it. However, one may do less than he needs and ought to do, the other assumes the matter is being or ought to be taken care of, and the problem falls between two stools. It is like the two motorists who were driving down the road. One said to the other, "You are steering all over the road." The other replied, "No, I am not, you're driving."

It is doubtful if the public gets much here, long or short term.

One weakness of regulation per se is that an authority at any time can take one element in management, or rate making, and contend, reasonably,

that it creates an imbalance, or does not produce 100% justice to the finest detail. In consequence, the business is at all times vulnerable to an authority looking for a way around his difficulties by putting on the companies difficulties that should not, in equity, be imposed upon them.

This can be seen in the situation created by New York's refusal to approve a 9.5% increase in private passenger automobile rates.

But this example also illustrates another weakness of state, or piece-meal, regulation. If Superintendent Leffert Holz of New York contends, among other things, that the charging of administrative expense by the companies is inequitable because it imposes too large a share of such expense on the large auto premiums (and high premium per auto) paid in New York state, other commissioners already are looking askance at filings of insurers because they are not, and properly so, going to force the citizens of their states to subsidize New York motorists. Why under the sun should they pay to make Gov. Harriman's legislation, compulsory, look good? Thus, what happens in one state is echoed in another.

One effect of the auto rate disapproval by New York has been quick and certain. The market has begun to tighten up, and legislative extension of the State Fund, which presently writes only workmen's compensation and statutory disability, to auto liability seems at this point a strong possibility. Even if the insurers win their 9.5% rate increase in court, at best it will take months to do so, and the damage by then is likely to be already done. If the government in New York expands further into the private insurance business, the disapproval by Mr. Holz of an auto rate increase will be responsible. The insurance business will have to manage to meet a new element of competition. This is management imposed by government regulation.

But in fairness to Mr. Holz it should be said that other commissioners, faced with similar situations, have not always acted much differently, and are not acting much differently right now. We can see little essential difference in the act or effect of a commissioner's disapproval of a 7.5% increase and his forcing insurers to compromise a needed 15% increase at 7.5%. The malaise is in today's regulation per se, ideologically and in practice.

And those in the business who like to think they can escape the shortcomings and balkanization of state regulation by going to federal control should study the difficulties of the airlines, which are meeting management by inversion from a federal agency. In any event, the insurance business will not be able to exchange state regulation for that by the federal government. If federal control comes, it will come on top of state control, the result will be dual regulation, and the insurance people can study the railroads to see how that industry has been whipsawed by regulation of two sets of governments.

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One cogent reason for regulation is to guard against the possible effects of monopoly, where it exists, because of the absence of competition. It is apparent that regulation or non-regulation has little if anything to do with competition in insurance. Competitive tensions in the rate unregulated life business rise and fall, and currently are quite high, as the result of forces unrelated to rates.

In the fire and casualty business, where rates are closely regulated, competition rises and falls in response to forces not related to the regulation of rates. Also, the making of rates in concert, one reason for regulation, has become a good deal rate making in disconcert. There is a wide variety of prices, forms, and styles of operation, and it is doubtful it rate regulation had anything to do with the creation of them, as it seems to be having little effect in holding down the number. Over in the life business much the same thing has been going on—new and less expensive forms, more promotion, and tougher, faster competition. Lack of regulation seems to have had little or nothing to do with that.

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There has to be regulation in fire and casualty, it is said, because of price fixing in concert. Yet the prices of life insurance do not differ substantially and do not appear to represent the spread that exists in rate regulated fire and casualty.

Thus the reasons for regulation are in this day unimpressive, while the attrition it produces stands out visibly.

Which leads to the basic question of why the fire and casualty business has gone down the road of regulation, while the life business, cornerstone of a man's insurance for himself, his widow and orphans, has remained throughout the years substantially unregulated?

As for the public, is it benefitted

long term if the railroads are forced out of the passenger business, or the airlines are unable to meet current costs (unregulated) and build for the future?

Neither does it seem to the immediate or long term benefit of the public for the insurers, pushed hard on all sides by unregulated costs, losing surplus by the hundreds of millions, to be forced for survival to curtail severely their function of serving the public with liability insurance. Certainly it does not even seem just that having been forced into this condition by state regulation, they should then have to contend with state created facilities supported by tax money. The majority of the people of any state, if they knew what was occurring, would insist upon a more realistic regulation in the interest of their long term welfare.

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If all this sounds like advocacy of no-regulation, fire and casualty probably is too far down the road of regulation to go back. Also, even though regulation is not a creative function, it has become part and parcel of this business. In addition, it must be said that not all commissioners are political hacks whose acts are dictated by expediency. The quality of commissioners and department personnel is higher today than ever before, and there are fine, capable and courageous men in regulation.

On the other hand, insurance is not an unusually poorly run business manned by greedy incompetents. Here to a far greater extent than in many another business there are men of character and capacity who are concerned for the future of the business, who are imbued with a sense of public service, and whose companies deliver a superior product efficiently and to the satisfaction of the public.

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It seems reasonable to suppose that the responsible and intelligent people in regulation and in insurance could reassess the standards and purposes of regulation and then get legislators to express them in law.

That this needs to be done is apparent. For one thing, if the standard that rates should not be excessive is going to be pushed hard by regulatory authorities, it is necessary to evolve a more rigid, inflexible and inescapable standard for rate adequacy.

We hope the present crisis in fire and casualty does not prove both the commissioner and company critic of the other utterly right, and the entire business go down the drain.

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

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EDITORIAL COMMENT

Some Underwriting By Agent Essential

In any discussion of underwriting, full consideration should be given to the responsibility of the local agent as the primary underwriter. It is the local agent who solicits and sells the business, often in competition. He is the one who knows the most about any risk to which he commits his companies. If he is a fully functioning local agent he knows each one of his policyholders. He knows the nature of their business, their general reputation in the community, their financial standing, whether they are claim conscious, and hence whether any business he gets from them is excellent, good, fair or poor. He is the underwriter on the ground, and as such knows very much more about every risk submitted than does even a good underwriter at a home or company department office several hundred miles away.

Because this is true, the local agent has an underwriting responsibility, which he should be willing to accept and live up to as a part of the relationship with the companies he represents. He should not take the attitude that any risk he submits to a company can either be accepted, rejected, or reduced in amount. If he does this he is in effect saying to a company, "take it or leave it." If he has this viewpoint, he is assuming no responsibility whatever for the underwriting results of his agency.

A good agent takes pride in writing profitable business. Any agent with a low loss ratio should get some solid satisfaction from that fact, because it is basically the result of his underwriting or selection, or disinclination to write poor business, or whatever it may be called. In the end it is undoubtedly a determining factor in the loss ratio of every company represented.

Nowadays it may seem a little old fashioned to expect the local agent to accept the dual roll of representing both his agency and his companies, but the whole American agency system was based on the idea that by appointing carefully selected agents companies would show a better loss ratio than by indiscriminately appointing every Tom, Dick and Harry. If the time were taken for the research, it could be established that the further away an agent gets from being at least some sort of an underwriter, the higher the loss ratio of his agency becomes.—Howard J. Burridge.

DEATHS

PAUL E. MAUCK, 44, Tupelo, Miss., agent, died at Doster hospital in Columbus, Miss. Prior to forming his own agency in partnership with William Fikes, he was with State Farm Mutual in Columbus.

SAMUEL LUDLOW JR., 85, former head of Registered Mail Central Bureau, New York, and well known reinsurance authority, died at a private hospital in West Hartford, Conn. He was vice-president of First Re of Hartford, a U. S. subsidiary of Munich Re, when the American operations of the latter were taken over by the U. S. alien property custodian in 1917. He represented the custodian at First Re until the company was purchased by Rossiter group in 1924, and subsequently liquidated, at which time he became head of Registered Mail Central Bureau. He held that post for 25 years, retiring in 1950.

CHARLES V. HEDSTROM, superintendent of burglary and forgery in the eastern department of National Surety, died in St. Clare's hospital, New York, of injuries sustained when he was attacked and beaten while enroute home from a meeting of Pioneers Club, an organization of 25-year employes of Fireman's Fund and National Surety. He entered insurance with the company and had been with it 38 years.

MRS. JOHN P. OLD III, 23, was killed instantly and her husband suffered multiple chest injuries in an automobile collision at a rural intersection near Saginaw on their way home from spending the Christmas holidays wih Mrs. Old's parents at Syracuse, N. Y. John P. Old III is associated with his father, John P. Old II in their agency at Sault Ste. Marie. John P. Old II is a member of the executive committee of Michigan Assn. of Insurance Agents and is a past president of the Upper Peninsula association. His father, who founded the agency, is a past president of the state association. The Old family has been prominent in the agency business for many years.

EDWARD V. FRENCH, 89, retired president and chairman of Arkwright Mutual Fire of Boston, died at his home in Andover, Mass. He retired in 1946 after 55 years in the business.

WILLIAM A. CHRISTMAN, 49, assistant superintendent of the automobile department of New York Underwriters, died of a heart attack at his home in Maspeth, N.Y. He had been with the company since 1929.

FUREY ELLIS, 67, Philadelphia agent and chairman of Philadelphia State hospital in Byberry, died at Lankenau hospital in Philadelphia.

JAMES W. BINNIE, 86, former president of Canadian Fire Underwriters Assn., died in Toronto. He previously was general manager of Globe & Rutgers Fire of Montreal.

FRANK RIMMER SR., 70, founder of Frank Rimmer & Co. managing general agency of Dallas, died there. He established his business in 1925, four years after he had moved to Dallas to join Trezevant & Cochran general agency, in the early years specializing in inland and ocean marine lines as representative of Appleton & Cox. As multiple line underwriting developed, he added fire and casualty facilities. Rimmer & Co. operates in Texas and Oklahoma. Mr. Rimmer was the first skipper of Mariners Club of Dallas, organized in 1947.

His son, Frank Rimmer Jr., is a partner in the general agency as is his brother, John P. Rimmer.

ROBERT M. AYRES, 57, production vice-president of Hooper-Holmes Bureau, died at his home in Madison, N. J. He joined the bureau at Chicago in 1924, was named manager at Milwaukee in 1928, and manager at Chicago in 1930. Appointed district manager of the southern and southwestern division at Dallas in 1938, he was subsequently transferred to the home office in Morristown, N. J., and entered executive ranks in 1947.

EDWIN K. DAWSON, 55, who headed the Dawson agency of Seattle for more than 20 years, died. He was associated with his father, John E. Dawson, in Rocky Mountain Fire of Denver for several years before going to Seattle.

ROBERT R. COWLES, 57, controller of Glens Falls, died in Glens Falls hospital of a heart ailment. A brother, Henry W. Cowles, is vice-president of the company.

MRS. IDA M. LANCASTER, 50, wife of B. Robert Lancaster, chief examiner of Kentucky insurance department, died at Louisville.

ROBERT B. GREEN, 72, retired Henderson, N.C., agent, died there.

PERSONALS

George L. Goss, manager of Insurors of Tennessee for 12 years, has left to become representative of Slayton & Co., managed funds investment securities. The head office of Slayton & Co. is at St. Louis. Mr. Goss's office is at 1001 Nashville Trust building, Nashville. During his tenure as manager of the Tennessee association, membership increased from 323 to 528, and Tennessee won the NAIA membership development trophy in 1949 with an increase for that year of 200 members. At the New York convention of NAIA in 1956 Mr. Goss was elected chairman of the secretary-managers group.

Cliff C. Jones Jr. has been elected president of Kansas City Chamber of Commerce. Mr. Jones, a vice-president and director of R. B. Jones & Sons Inc., is the second member of his family elected to this honor; his uncle, Morton T. Jones, was president of the chamber in 1941.

J. F. Schweer, secretary of Cincinnati Underwriters Assn., is a first-time grandfather. A son was born to his daughter, Mrs. James Gilligan, of Pittsburgh, Dec. 23.

Edward Byrne, vice-president and general counsel of Home Mutual of Appleton, has been named chairman of the insurance section of Wisconsin Bar Assn. The organization is publishing a by-monthly "Insurance Law Newsletter," giving news of current statute changes and supreme court decisions affecting insurance law.

Elect Chairman, Deputy Of Lloyds Committee

Walter Barrie has been reelected chairman and Anthony Grover has been elected deputy chairman of the committee of Lloyds.

Mr. Barrie, a marine underwriter, has been a member of Lloyds since 1926. First elected to the committee in 1945, he served as deputy chairman during 1951-1952, and chairman during 1953-1954. Also a marine underwriter, Mr. Grover was elected an underwriting member of Lloyds in 1936. He served as chairman of Lloyds Underwriters Assn. in 1955.

Fortson Named Manager Of Ark. Agents' Assn.

Arkansas Assn. of Insurance Agents has named D. E. Fortson of Little Rock as its new manager, succeeding E. Kearney Dietz, who has resigned. Mr. Dietz will become manager of Insurors of Tennessee at Nashville.

D. E. Fortson

Mr. Fortson is a graduate of University of Arkansas college of business administration, and prior to his appointment he was an economic forecaster in the Boeing Aircraft Corp. management training program.

The **Baltimore-Washington Insurance Telephone Directory** has just been published by the National Underwriter Co. Copies may be obtained for $1 each from the National Underwriter Co. at 420 East Fourth street, Cincinnati 2, O.

Ohio Farmers Makes West Coast Changes

John W. Combes, San Diego manager of Ohio Farmers, has been promoted to assistant Pacific coast manager at Los Angeles where he will be associated with R. W. Kunstman, assistant vice-president. Robert E. Eade succeeds Mr. Combes as San Diego manager.

Mr. Combes started in insurance in 19[illegible]6 with the Robert Driver Co. at Los Angeles. In 1951 he opened the San Diego branch of Ohio Farmers.

Mr. Wade joined Ohio Farmers in 1955 after having been a special agent of Republic Indemnity.

DEATHS

DAVID L. JONES, 64, an accountant in the home office of Home, died of a heart attack near the office. He joined the company when he was 15, and had been with it 49 years.

FREDERICK K. PIERCE, 78, Avon-By-The-Sea, N. J., agent, who had been more than 40 years in the business, died at his home in Neptune, N. J.

PERCY J. GAYNOR, 63, head of the fire loss department of Chubb & Son, in New York, died at his home in Pelham Manor, N. Y.

SYDNEY M. R. WRIGHTSON, 59, contract department manager in the New York office of Maryland Casualty since 1947, died of heart disease at his home in North Stamford, Conn.

Two Reinsurers In N. Y. Are Merged

Excess Management Corp. and Treaty Management Corp. of New York, reinsurers, have merged as Excess & Treaty Management Corp. Edwin Stewart, president of Excess Management and chairman of Treaty Management, is president of Excess & Treaty.

The surviving organization will serve as underwriting manager of Excess Reinsurance Assn., which is marking its 25th year, and has 35 member insurers engaged in reinsurance through this facility. Casualty Reinsurance Assn. is nine years old and has 31 insurer members. In 1957 Mr. Stewart's organization wrote about $47 million premiums.

Quits Auto, Fire Lines

Farmers Mutual Hail of Des Moines, which two months ago took over Property Owners Mutual of St. Paul, reportedly has discontinued writing all automobile and fire coverages and in the future will concentrate on hail and turkey insurance.

FIELD

America Fore Makes Changes In West

A number of field changes, effective Jan. 1, have been made in the midwest by America Fore.

As of Jan. 1, the retirements are announced of Robert D. Air at Kansas City, John R. Claypool Jr. at Nashville, and John A. Struck at Pekin, Ill. Charles Cook is retiring from the Wisconsin field after 37 years, and T. Ray Phillips, a 39 year veteran with America Fore, is retiring from the Oklahoma field.

In Indiana, a new field office has been established at South Bend to be staffed by the following field men and adjusters: J. Frank Adams, Richard T. Barry, George W. Cole, Leonard C. Edwards, William L. Gates, and Charles S. Noel.

In Wisconsin, Robert J. Bothwell has been transferred from Jackson, Mich., to replace Charles Cook, with headquarters in the Mayer-Lotz building, Wausau.

Archie L. Pearson is transferred to Oklahoma City to take on enlarged responsibilities in the Oklahoma territory. He has been in the Kansas field and is succeeded there by Kenneth G. Miller, who has been with America Fore for 21 years, most recently at Indianapolis.

In Oklahoma, Mr. Pearson will take over the territory serviced by Mr. Phillips and by Clarence W. Bean, who is retiring Feb. 1 after 38 years with America Fore.

John W. Hull, another 38 year veteran of America Fore, is retiring from the Iowa field Jan. 1.

Charles A. Bowlin is transferred from Ohio to Illinois, and James W. McHugh is transferred from Ohio to Michigan, both effective Jan. 1.

Clarence A. Brown is transferred from Columbus to the engineering department at Chicago.

Name Ga., N. C. Specials Of Phoenix Of London

Phoenix of London has appointed two new special agents in the southeastern territory—Wallace K. Brown in Georgia, and R. Kelsey Foster Jr. in North Carolina.

Mr. Brown will make his headquarters in Atlanta, Mr. Foster in the Charlotte branch office. He formerly was a South Carolina special agent of Agricultural.

Baker Joins Atlas As State Agent In Indiana

W. U. Baker has been appointed state agent in Indiana for Atlas and Albany with headquarters in the Hume-Mansur building, Indianapolis. Mr. Baker has had extensive field expeience in Indiana, beginning his insurance career with Indiana Inspection Bureau.

N. H. Names Woerner

New Hampshire Fire group has appointed Donald S. Woerner special agent in Kansas. He will be located at 701 Jackson street, Topeka, where he will assist State Agent George E. Erickson.

Lumbermens Of O. Names 2

Lumbermens Mutual of Mansfield, O., has appointed E. P. Oze field representative for Wisconsin and Minnesota and J. L. Moores for Mississippi and Louisiana.

Mr. Oze has been with Lumbermens midwest department at St. Louis since early 1956. Mr. Moores has several years service in the east and middle west.

Graves Special Agent In Tenn. For A.F. Irby & Co.

The A. F. Irby & Co. general agency at Atlanta has appointed Chester H. Graves state agent in Tennessee. He will direct Irby & Co. operations in Tennessee from the Nashville office, 529 Third National bank building. He was with Tennessee Rating Bureau three years and special agent in Tennessee of Loyalty group for four years.

Central Mutual Names Specials For N.M., Ind.

Gerald D. Pinckard and William C. Zeller have been appointed special agents for New Mexico and Indiana, respectively, by Central Mutual. Both have just completed the company's two-year training course at the home office.

Pearl Appoints Streiff Eastern Mo. State Agent

Pearl has appointed Lloyd R. Streiff eastern Missouri state agent with headquarters in St. Louis. He will succeed Edgar R. Smythe, who is retiring at year end after more than 28 years with the group. Mr. Streiff joined Pearl last July.

Mr. Smythe entered insurance in 1896. Prior to joining Pearl he was with the old Michigan Commercial, Michigan Millers, and Boston. He plans to continue in the business with the Smythe-Albert agency of Wellston, Mo.

Employers Mutual Casualty Appoints Two To Mich., Va.

Employers Mutual Casualty has appointed Kenneth W. Glass as field supervisor of western Michigan and George T. Forrester Jr. as field supervisor of Virginia. Mr. Glass, who has had more than eight years of insurance experience, will travel out of Grand Rapids. Mr. Forrester, who will make his headquarters in Richmond, has been in mutual insurance for 18 years.

Velander Named In Minn.

Carl B. Velander has been appointed special agent at Minneapolis for Ohio Farmers. He will be under the supervision of Thomas J. Burke, state agent.

Gentrup Succeeds Hart At Cincinnati For Md. Casualty

Management of the Cincinnati office of Maryland Casualty has passed from H. D. Hart to F. W. Gentrup. Mr. Hart, who has retired, had been resident manager at Cincinnati since 1942. He had previously managed offices at Reading and Harrisburg and was once assistant resident manager at Detroit.

Mr. Gentrup joined Maryland Casualty in 1937. He managed the bond department at Cincinnati before becoming assistant resident manager two years ago.

Home Mutual Promotes Coggeshall

William G. Coggeshall, fire claims manager for Home Mutual of Appleton, Wis., has been named assistant vice-president. Mr. Coggeshall joined Home Mutual in 1948, and was named fire claims manager in 1955. He also heads the company's fire adjusting educational program. Before going to Home Mutual, he was with Western Adjustment for 15 years.

A & S

'A&H Bomb' Can Set Off Sales Reaction, Cragg Tells N. J. Assn.

Picturesque selling is essential in today's competitive business situation, Ernest E. Cragg, regional group supervisor for Washington National at Washington, D.C., told a meeting of New Jersey A&H Assn. He suggested that insurance men examine their techniques to see if they are appealing to the right motives in their sales approach.

First, he said, find the right target —the qualified prospect, then explode an "A&H bomb" under him. Elements of an "A&H bomb" are the facts or series of facts that can touch off a chain reaction in a prospect when exploded in his presence, and will lead him to form ideas about the value of insurance as protection against injury.

Prosperity may make insurance men fatalistic about the effectiveness of selling, said Mr. Cragg, and lead them to believe their prospect's mind is made up even before they start to sell. But the salesman is an artist, and can create his own breaks by imagination and skillful technique.

Set Public Hearing On Ind. A&S Investigation

Public hearings on complaints against hospitalization insurance and the relationship of hospitals to insurers will be held by the special legislative committee investigating A&S in Indiana in two sessions on Feb. 19 in Indianapolis.

A general invitation has been issued to the public in newspapers throughout Indiana. Invitations direct from the committees will go to each person who has registered a written complaint; companies against whom complaints have been made; representatives of hospitals; and insurance agents associations.

The industry advisory committee appointed by the Indiana A&H Assn. at the request of the legislative committee has announced that it will examine first, the policies and advertising of companies against whom complaints have been lodged. Policy forms and advertising were submitted by all companies writing A&S in the state at the request to the investigating committee.

The investigating committee has set Jan. 22 as its next meeting date, at which time it expects to have concrete recommendations for tightened controls on hospitalization insurance.

Indianapolis DITC Class Slates Feb. 20 Opening

The seventh consecutive DITC course will open at Butler University in Indianapolis on Feb. 20 and run for the next 12 consecutive Thursdays, according to W. Harold Petersen, assistant superintendent of agencies, A&S, American United Life, Indianapolis. Mr. Petersen is chairman of Indianapolis A&H Assn.'s educational committee.

All Indianapolis DITC courses are sponsored jointly by Indianapolis A&S and life underwriters associations and receive promotional backing from General Agents & Managers Assn. and Indianapolis CLU chapter.

Indianapolis, the first city to run the old DISC course of International A&H Assn. on a 12-week basis, jointly sponsored by the life and A&S organizations, also test-piloted DITC for the nation three years ago and has run a course at Butler University every semester since.

Instructor for the new course is William Highfield, A&S editor R.&R. He has taught all DITC classes in that city.

Blue Cross Rate Hearings

Commissioner Smith of Pennsylvania will hold a public hearing on the rate filing made by Associated Hospital Service of Philadelphia, Blue Cross, in Philadelphia beginning Jan. 13. Room 496 of City Hall has been made available for the hearing.

Hospital Service Association of Western Pennsylvania at Pittsburgh and Capital Hospital Service at Harrisburg also have filed for rate increases and hearings will be held in Pittsburgh and Harrisburg also.

Mr. Smith will preside over the hearings, with members of his department staff, and the examination of witnesses will be conducted by Thomas D. McBride, attorney general.

Peterson At Philadelphia For Hartford Steam Boiler

Henry D. Peterson has been named assistant manager at Philadelphia by Hartford Steam Boiler. He joined the company in 1946 as a special agent at Atlanta and transferred to Philadelphia in 1956 as supervising special agent.

The Salt Lake City office of **New Hampshire Fire** has been moved to the American Savings building at 65 South Main.

W. Va. Clarifies Ban On Fictitious Insurance Groups

(CONTINUED FROM PAGE 11)

spective organizations. Except in a very broad sense, there is no financial dependence or interdependence. The pecuniary interest of the association would be limited to the membership fees that it collects, which in individual cases, would be a remote and insignificant proprietary interest.

Moreover, it cannot be established that there is an appreciable difference in the risk to the insurer covering a member of the association and a non-member desiring an identical or similar form of insurance. There is certainly no data that would indicate a difference in the hazard between such insured living in one county and similar insured residing in another part of the state.

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Furthermore, all members of each of these associations do not necessarily belong in the same insurance class perpetually. It is quite possible that there are degrees of hazard represented by the various members that will eventually be recognized in a classification plan. It is conceivable that such a classification plan would have no relationship to membership or non-membership in any association. In the case of school teachers it appears that, with but one additional provision, the contract desired is also sold to non-teachers so that the fictitious grouping would result in discrimination not only as between teachers, but also as between teachers and other members of the public.

Each proposed grouping must be treated by the department as fictitious until the commissioner has approved a filing which recognizes the group as a proper class or sub-class for measuring degrees of hazard within the rate classification plan, the bulletin declares.

Calls For New Body To Study Better Regulation

(CONTINUED FROM PAGE 1)

various legal foundations, could give aid in perfecting insurance regulation.

Mr. Navarre, who addressed a luncheon session of "Perfecting the System of State Regulation of the Business of Insurance," asserted that the administrative agency responsible for preserving and protecting the public interest in the field of insurance must be effective and efficient.

"Because of the dynamic character of our society and our economy, perfection of government is a constant, unremitting task," he said. "The nature of our society is such that law and its administration frequently finds itself outstripped by social and economic progress.

"The insurance industry, sensitive to public needs and wants, is essential to our economic prosperity and our social well-being. If the business is to be regulated by a system of governmental agencies in the public interest, they too must be responsive to public needs and wants."

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A Michigan insurance regulation institute was held in 1951 shortly after Mr. Navarre became commissioner. Under his leadership, plans are being made to hold another institute for NAIC zone 4 officials Feb. 11-13 at Michigan State University.

Asked to comment on extraterritoriality, Mr. Navarre said there may have been a time when this type of law was beneficial to insurance and its development. However, the point has been reached where it may be needed no longer.

At its business meeting, the association elected William T. Beadles, Illinois Wesleyan University, for 1958 to succeed Charles C. Center, University of Wisconsin. Mr. Center, in his concluding remarks, noted that the association is moving into new and higher levels of activity.

Attendance at the 2-day session was 165 plus guests. This was quite high, according to Acis Jenkinson III of North America, who was in charge of local arrangements. He attributed this to the lineup of prominent speakers and the association's observance of its silver anniversary.

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The annual Elizur Wright award for outstanding insurance literature was not presented this year because the selection committee could not decide on a winner. An advisory committee of former winners was organized this year. This group has devised a new method of selection which was approved by the executive committee.

S. S. Huebner, president emeritus of American College, and Frank G. Dickinson, economist and statistician of American Medical Assn., reminisced at the luncheon about the association's birth and early struggles. Mr. Huebner, first president of the association in 1932-34, noted that the number of college insurance courses and teachers has increased considerably since that time. The fact that the membership could be even larger is a challenge for the future, he said.

Mr. Dickinson, first secretary of the association, read some humorous excerpts from minutes of meetings back in the 1930s.

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Possibly responding to the challenge seen by Mr. Huebner, the association will conduct a membership drive in 1958. The association editor, John S. Bickley of Ohio State University, heads the drive. The association's stepped-up activities in various areas is considered an attraction for prospective members. The support of more people teaching insurance also is needed.

The association adopted a resolution endorsing the ideas which led to the first international insurance conference at Philadelphia last May and offered its active support to University of Pennsylvania's Wharton school in its forthcoming study of the feasibility of holding similar meetings in the future.

The executive committee approved a new constitution which becomes effective Jan. 7.

Resolutions were adopted in tribute to C. Arthur Kulp, dean of the University of Pennsylvania business school, and Victor E. Sweeney, University of Florida, who died this year. Mr. Kulp was a past president and Mr. Sweeney was on the executive committee.

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The executive committee will study an offer from Million Dollar Round Table to provide speakers from among its members for appearances at colleges. The committee felt the expenditures involved might be used more advantageously for supplying teaching material.

Forty-six applications were received by the fellowship program in 1957. Fellowships were obtained for 32 of the applicants. There was a slight decrease in the number of fellowships awarded, compared with 1956, but about the same number of teachers actually participated in the program.

American Institute and American College held their annual breakfasts for association members who are CPCUs and CLUs. Former Huebner fellows were guests at the Huebner Foundation's annual breakfast. American Mutual Insurance Alliance was host at the luncheon the first day.

The 1958 meeting will be held at Chicago in late December. The executive committee will select the hotel and exact dates. Other annuals are slated for Washington in 1959, New Orleans in 1960 and New York in 1961.

Another Insurance Storm Brews In Texas

(CONTINUED FROM PAGE 1)

to that company from the defunct Physicians Life & Accident.

"Now," Mr. Harrison said, "Mr. McCarty is saying he was duped and defrauded by the state of Texas."

Mr. Herring responded by contending that Mr. Harrison knew he had been "derelict in his duties," and in effect was attempting to cover up.

There was bitter cross-examination when Mr. Harrison and J. D. Wheeler, liquidator for the insurance department, were on the stand, at one time the charge being made that reinsurance was "palmed off on Estate Life by the insurance commission without transferring a single asset."

Mr. Harrison issued a statement saying he has challenged the competence and good faith of the management of four companies in recent months, and "all have thrown in the sponge without contest. There will be more challenges when information now being developed is completed."

He went on to say that "For some reason which I do not understand the senate and general investigating committee has seen fit to cast one of the most recently challenged company presidents (Mr. McCarty) in a hero's role . . . The man they chose for that role admitted under oath that on Aug. 27, 1957, he made a $2,000 gift to a man who at that time was an employe of the state board of insurance."

Mr. Harrison went on to charge that Mr. McCarty's statement that Estate Life will become insolvent if compelled to carry out its agreement to assume the policies of Physicians Life would be untrue if Mr. McCarty had made a true statement of the assets and reserves of Estate Life.

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Mr. McCarty told the investigators he gave the $2,000 to Mr. Pierson because Mr. Pierson was in a financial plight and was a good man "to cultivate." Mr. Pierson invoked the Texas version of the fifth amendment 62 times while he was on the stand.

There was considerable questioning about the transfer of the $11.5 million in policies from Physicians Life & Accident, now in temporary receivership, to Estate Life. It was brought out that Mr. Wheeler had failed to verify an unsworn financial statement submitted by Mr. McCarty in connection with the reinsurance statement, and Mr. Harrison testified that he took "everyone's word that the figures in the statement were true."

The hearings were recessed until after the holidays, and Mr. Harrison made another statement in which he said in part that he sees "no good being accomplished by such abuse, insinuations, innuendoes, wisecracks and unsupported allegations that were thrown at me, the board members and the liquidator."

N. C. Changes Motorcycle Rate Rule

North Carolina Automobile Rate Administrative Office has been directed by Commissioner Gold to amend its rules to extend a reduced liability rate to motorcycles, scooters and motorbikes weighing 300 pounds or less. The rate will be 75% of the manual passenger car rate. The reduced rate previously has applied only to such vehicles weighing 175 pounds or less. Insurers and vehicle owners, at a recent hearing held by Mr. Gold, complained this was unrealistic since few vehicles could qualify for the lower rate.

Maryland National of Bel Air has been licensed in Texas.